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NEWS SUMMARY

GENERAL

Retail sales hit by bad weather

RETAILERS, badly hit by last week's severe weather, hope for a last-minute sales surge.

Retailers throughout the UK said sales started to take off the week before last but slumped once the snow and ice appeared. Back Page

Britain was still suffering from the weather yesterday, with floods in the south after the sudden thaw and continuing cold in the north. The Queen had to spend several hours in a Cotswold hotel when her car was held up by snowdrifts.

John Cherrington reports on the worst weekend of his farming life. Page 37; more weather news, Page 8 and Back Page

Belgian coalition

Leaders of Belgium's Christian Democrat and Liberal parties agreed to form a new Government, premier-designate Wilfried Martens announced. Back Page ...

SDP recruit

SDP leaders gave former Labour MP Bruce Douglas-Mann permission to join the party.

Paris visit

Irish premier Dr Garret FitzGerald visits Paris today for talks with French president Francois Mitterrand on EEC budget and agriculture problems.

Passport for Liza

Liza Alexeyeva, for whom Soviet dissident Andrei Sakharov and his wife staged a hunger strike, received a foreign travel passport in Moscow. Page 3

Feet sewn back

Surgeons at Hackney Hospital, East London, sewed back the partly severed feet of a young woman who fell from the sixth floor of a tower block.

Afghans flee

Pakistan's Afghan refugee total rose to 2.5m and the country was the "single largest refugee theatre in the world," said a senior refugee official.

Basnett warning

GMWU leader David Basnett warned that politicians who put internal struggles and ideological purity before electoral success would be "abandoning the trade unions." Page 11

Borg air drama

Tennis star Bjorn Borg was on a British Airways Concorde which was forced to jettison 16,000 gallons of fuel just after take-off when a tyre burst. The plane returned to Heathrow.

Bahrain arrests

Bahrain arrested a group said to have been trained as terrorists in Iran. Page 6

Tax 'not the way'

Systematic use of tax rates to control alcohol consumption has been rejected by the Government. Page 9

Snatch of the day

Thieves in Swansea drove away a BBC mobile power unit used to cover the Swansea v Nottingham Forest soccer match.

Briefly . . .

Baby girl was found abandoned outside a Battersea, South London, health centre.

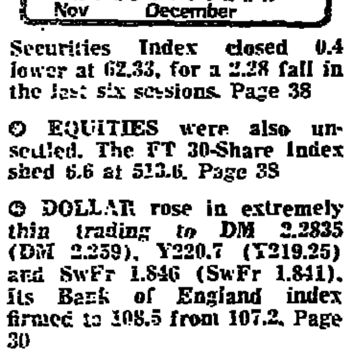
Fighting broke out among 550 Nigeria Airways passengers at Heathrow Airport. Some had been held up for three days.

BUSINESS

Gold up $7.5; Gilts weaker

- GOLD added $7.5 in London at $418.5. In New York the Comex December close was $414.75. Page 30

- GILTS were weaker on interest rate fears and Polish unrest. The Government Securities Index closed 0.4 lower at 62.33, for a 2.28 fall in the last six sessions. Page 38



- EQUITIES were also unsettled. The FT 30-Share Index shed 6.6 at 513.6. Page 38

- DOLLAR rose in extremely thin trading to DM 2.2835 (DM 2.259), Y220.7 (Y219.25) and SwFr 1.846 (SwFr 1.841). Its Bank of England index firmed to 108.5 from 107.2. Page 30

- STERLING lost 1.35c to $1.867, and its trade-weighted index fell to 89.6 (89.8). It was higher at DM 4.265 (DM 4.25) and Y412.25 (Y412), but eased to FFr 10.78 from FFr 10.805. Page 30

- WALL STREET was off 11.51 at 875.0 before the close. Page 36

- PRIVATE STEEL producers will receive £22m in government aid for restructuring and redundancy costs, Industry Secretary Patrick Jenkin said. Back Page

- FORD is likely to tell its 54,000 manual workers not to return to work after Christmas, and an all-out strike, called for January 5, looks inevitable. Back Page

- INDUSTRIAL production in October improved in all sectors, to about the same level as a year ago but 9 per cent lower than in 1979. Back Page

- NATIONALISED industry chairmen are to try to find a formula for raising their salaries which the Government would accept. Page 9

- FRANCE is bringing monetary growth under control, new official figures suggest. Page 3

- SOUTH AFRICA today raises its bank rate from 12.5 to 13.5 per cent.

- ROMANIA is under growing pressure from Japanese trading houses to hasten payment of short-term trade debts amid increasing nervousness about its foreign exchange position. Back Page

COMPANIES

- MIM HOLDINGS, Australian base metals group, has arranged a two-currency facility totalling A$300m to finance the development of the big Oaky Creek coal mine in Queensland. Page 29

- ICI Australia reported net profits for the year to September 30 down 24.4 per cent to A$46.8m, a four-year low, but the decline has slowed since the first half. Page 25

- BOC INTERNATIONAL saw pretax profits for the year to September 30 rise 50 per cent to £92.7m, with the final-quarter figure up from £13.8m to £29.7m. Page 24; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Brasway	79	+ 7	Barclays Bank	430 — 10
Hunslet	270	+ 45	Bestobell	315 — 11
Latham (J.)	125	+ 5	Foseco-Minsep	191 — 7
Milford Docks	130	+ 5	Glaxo	410 — 6
Whitecroft	64	+ 6	Haslemere Ests.	393 — 19
Blyvoor	686	+ 34	ICI	278 — 6
Cons. Gold Fields	500	+ 10	Land Securities	303 — 7
De Beers Defd.	372	+ 12	Lloyds Bank	420 — 10
Gold Mines Kalgoorlie	400	+ 20	Lucas Inds.	209 — 7
Grootvlei	525	+ 67	Pearl Assurance	396 — 14
Hartebeest	£30½	+ 1½	Pilkington	265 — 10
Kitchener Mining	120	+ 15	Royal Insurance	335 — 5
Meekatharra	495	+ 25	Union Discount	430 — 15
Rustenburg Plat.	240	+ 10	Ward (T. W.)	206 — 10
Western Hldgs.	£27¾	+ 1¾	BP	318 — 8
FALLS			Claremont Petroleum	73 — 25
Treasury 3pc 1985	£72½	— ½	Santos	375 — 25
Treasury 12½pc 2003/05	£91½	— ½	Sovereign Oil	356 — 14
			Ayer Hitam	260 — 15
			Kamunting	135 — 15

Israel move to annex Golan Heights criticised by U.S.

BY OUR FOREIGN STAFF

THE U.S. and Egypt last night strongly criticised Israel's decision to annex the Golan Heights, captured from Syria in 1967.

Syria asked for an urgent meeting of the United Nations Security Council soon after Mr Menahem Begin, the Israeli Prime Minister, called on the Knesset law making Israeli occupation of the Heights permanent.

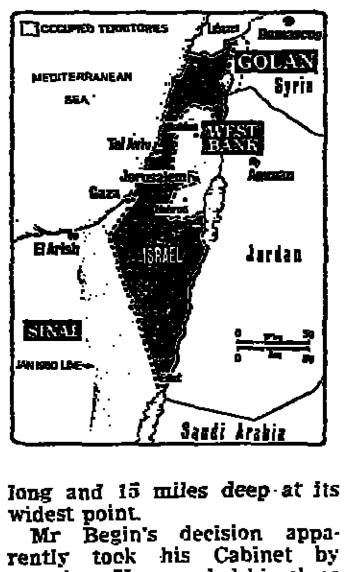
This amounts to effective annexation. The House was expected to pass the Bill through its three readings last night. The first reading was passed by 60 votes to 17.

The U.S. issued a strong warning to Israel against "unilaterally changing" the status of the Golan Heights, a move that Washington said would be in violation of international law.

The State Department said it was still not sure whether Mr Begin's Government planned formal annexation of the Heights, or whether it was seeking only to extend Israeli law there. Washington had not been informed in advance of Mr Begin's plans.

A statement by the office of President Hosni Mubarak of Egypt deplored the move, calling it a "direct blow" to Middle East peace efforts.

The Golan Heights are recognised under international law as Syrian territory. Israel controls an area about 40 miles long and 15 miles deep at its widest point.



Mr Begin's decision apparently took his Cabinet by surprise. He revealed his plans first to senior Ministers at an early morning consultation, and later spoke to the entire Cabinet.

Mr Begin appeared to have totally outmanoeuvred the Labour Party Opposition. The Labour Leader, Mr Shimon Peres, was in New York, and planned to fly back to Israel last night.

Labour MPs meanwhile decided to boycott the Knesset sitting which debated the annexation Bill, protesting at the hurried way it had been tabled.

Most Israeli Labour MPs would have voted against the measure, but a sizable minority said they would have supported it, even if this meant breaking party discipline.

Mr Begin was reported to have told his Ministers that it was time to annex the Heights because the superpowers were preoccupied by Poland; the U.S. was concerned about Libya; the failure of the Arab summit meeting in Fez proved the depth of Arab divisions; and recent Syrian statements ruled out any chance of peace with Israel.

Mr David Kimche, director-general of the Foreign Ministry, said Israel had lost patience with Syrian extremism.

"We have reached a state of saturation with Syrian statements concerning their state of war with us, that they will never recognise us, and that they will never negotiate," he said.

Mr Kimche explained that the decision to impose Israeli law on Golan was taken "to ensure the security of our northern frontier."

He cited a statement by Mr Abdul-Khalim Khaddam, the Syrian Foreign Minister, saying that the Arabs would wait 100 years or more until Israel was weak rather than make peace now. Mr Kimche also quoted President Hafez al-Assad saying in a weekend statement that Syria would not recognise Israel even if the Palestinians did.

Final test for Egypt, Page 6
Carrington warning, Page 11
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Terence Conran to head merged Habitat and Mothercare group

BY DUNCAN CAMPBELL-SMITH

HABITAT and Mothercare, two of the most successful enterprises launched on the buoyant retailing scene of the 1960s, have agreed to merge.

The new group will be headed by Mr Terence Conran, 50, the designer and entrepreneur who has had a major influence on British interior design as chairman of Habitat, the home furnishings group which he founded in 1964.

He will retain just over 16 per cent of the shares in the new group, Habitat Mothercare.

Mr Selim Zilkha, 54, the Iraqi-born businessman who set up Mothercare in 1961 as a specialist retail chain "for the mother-to-be and her baby" is to retire to a non-executive role.

The merger was presented yesterday as resolving the problem of Mr Zilkha's succession

The agreed terms value his 15 per cent stake in the company as more than £19m.

He intends to keep hold of "more than a token" part of this, and Mr Conran described some continuous involvement for Mr Zilkha as "most important."

Habitat, is the smaller of the two businesses, and became a public company only after the offer for sale of 10.9m shares in October. It is to effect the deal by offering Mothercare shareholders a new convertible loan stock and up to 64.4m new Habitat shares on a one-for-one basis.

Conran's grand design, Page 22
Details, Page 28
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Half these shares have been underwritten by City institutions and a limited cash alternative, at 125p a share, will accordingly be available in lieu of half the shares on offer.

Having been suspended at 138p last Thursday, Habitat's shares opened after yesterday's announcement at 123p, and slipped further to close at 120p.

Assuming a par price for the convertible stock, of which 60p nominal is offered, the merger valued Mothercare last night at £117.6m. Mothercare's shares, suspended at 170p, closed at 168p.

Ruling out drastic changes, the new chairman said that the two companies would operate as separate subsidiaries.

Under Mr Barney Goodman, Mr Zilkha's deputy and its future chairman, Mothercare, would continue to benefit from "the best retailing skills in the world," while Habitat would seek improvements in style, design and presentation.

Blood technology wins £4m backing

BY ALAN CANE AND JOHN ELLIOTT

BLOOD DONORS could be virtually unknown within 20 years if a technology, which is to be backed with £4m from the British Technology Group and Prutec, fulfills its early promise.

The technology has been used already to extract protein from pigs' blood for medical applications. Now genetic engineering techniques are being developed to produce the same protein from yeast.

It has been developed by Speywood Laboratories, a small Nottinghamshire bio-technology company. The £4m will help Speywood to expand and to accelerate a five-year research and development programme which eventually may need investments totalling £20m.

Prutec and the BTG are to invest £2m each during the next two years and expect the company to grow extremely quickly. The £2m stakes are split into £750,000 of equity, £750,000 preference shares, and £500,000 loan stock.

This is only the second industrial investment made by Prutec since it was established a year ago by Prudential Assurance to invest in high-technology ventures. The first, much smaller, investment was £150,000 in an agricultural computer software company. But Prutec also has about £3m aid committed to research and development projects.

For the BTG, the investment is the first entirely new major project to emerge since Sir Freddie Wood became chairman early this year and formed the group as an umbrella organisation for the National Enterprise Board (NEB) and the National Research Development Corporation.

The investment will be allocated officially to the NEB which is already a partner in another £12m bio-technology venture called Celltech.

A further bio-technology investment in a project of about the same size is being finalised by the BTG with the Agricultural Research Council, and is likely to be announced in two or three months.

Both Prutec and the BTG expect to pull out of Speywood in four or five years when they hope it will go public, although Prudential Assurance might then buy shares itself. The BTG would sell its stake — worth 25 per cent of the equity — earlier if a bidder emerged.

Both organisations are there-

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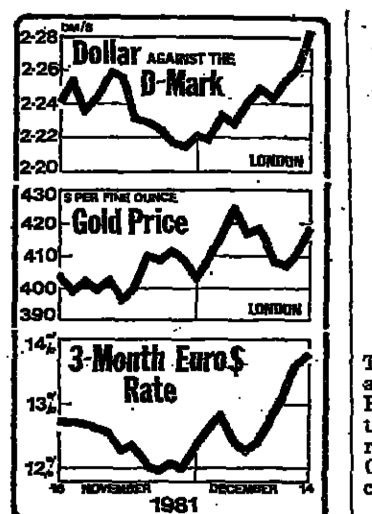

$ makes big gains on £ and D-Mark

By David Marsh and Kevin Done

THE DOLLAR made widespread gains on the foreign exchanges yesterday as the military takeover in Poland and a further upward twist to U.S. interest rates triggered off heavy selling of European currencies.

In thin and nervous trading, the D-Mark was particularly badly hit, closing in London at DM 2.2835 to the dollar—its lowest for two months—against DM 2.2590 on Friday.

Sterling dropped 1.35 cents to close at $1.8670, the lowest since end-October, amid a further rise in London money market interest rates.

Worries about Poland hit share prices around the world. Selling started on the Tokyo stock exchange and continued in Europe and New York.

The price of gold, time-honoured barometer of political tensions, reacted to the weekend events in Poland by climbing to close at $418.50 an ounce in London, $7.50 up from Friday. It finished, however, well below highs of $431 reached earlier in Hong Kong as the buying rally ran out of steam.

The gold price is responding with predictable sensitivity to fears of a Russian invasion of Poland. Ironically, however, bullion dealers say that continued Soviet gold sales in recent weeks, as well as high U.S. interest rates, place a limit on any price rise.

Foreign exchange trading in Frankfurt was hectic yesterday as the dollar mover widely from DM 2.2850 to DM 2.3300. For periods there was an unusually wide spread of as much as a pfennig.

The Deutsche Mark reached its lowest point in early trading, and intervention by the Bundesbank, the West German central bank, helped to bring the rate back to DM 2.2900 at the mid-

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U.S. suspends shipments of food to Poland

BY OUR FOREIGN STAFF

THE U.S. last night suspended all food aid shipments to Poland, following the imposition of martial law and the replacement of the Polish Government by a military council.

In London EEC Foreign Ministers agreed their governments would review their commitments to give further aid to Poland.

U.S. aid to Poland has totalled $765m (£410m) so far this year and Washington was asked recently by the Polish authorities to provide an additional $200m worth of "immediate" assistance.

The American announcement came as Poland's new military rulers faced their first big test in the form of strikes by workers in several big factories and mines.

The workers downed tools in protest against last weekend's military clampdown and the suspension of the Solidarity trade union.

The plants affected by the stoppages included the giant Ursus tractor factory and the Huta Warszawa steel mill. Thousands of workers were reported to have downed tools after the morning shift, but no precise figures were available.

The confrontation Walesa said was inevitable, Page 2
TUC pledges support for Solidarity, Page 10
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What Moscow fears most, Page 23
Pressure on Romania over debt, Back Page

Solidarity spokesmen, defying the regulations laid down by the new military council, issued a list of strikebound mines and factories. They said troops had surrounded a number of plants and appeared to be preparing to evict the workers during the night curfew hours.

The union also said miners in Silesia were refusing to leave their pits, which they had occupied.

Though the official Polish news agency, PAP, admitted there had been "discussions" in many factories, it denied there had been any interruptions in production.

Warsaw Radio, which repeatedly broadcast throughout the day a sermon by the Polish Primate, Archbishop Jozef Glemp, appealing to his countrymen not to resort to violence, announced that all banks and post office savings counters would be closed yesterday and today. It also said the authorities had decreed that employees had to work an eight-hour day six days a week.

Meanwhile, both domestic and external telecommunications remained cut and it was virtually impossible to obtain information about what was happening in parts of the country outside Warsaw.

The imposition of martial law is forcing Poles to live in near war-time conditions. In addition to the absence of telecommunications, travel has been restricted, public meetings have been banned and trade union activity has been suspended.

The press has been limited to a smaller number of official dailies and radio and television has been limited to broadcasting military communiques.

Decrees, broadcast on radio and TV, have brought a number of key industrial sectors, including the mines, under direct military control.

This means that workers could face courts martial if they stage strikes or refuse to obey orders. They have been warned that they face summary prison sentences and even the death penalty, in some cases, if they break the new regulations.

The military authorities have not said how many people have been interned, but dissidents circulated a list with dozens of names yesterday and 124 prominent intellectuals and artists issued a statement demanding the release of all those arrested.

The whereabouts of Mr Lech Walesa, the Solidarity leader, who has not been detained according to the authorities, was not known last night.

President Ronald Reagan yesterday telephoned Pope John Paul II to express his concern about events in Poland in a call that lasted about seven minutes.

Ivor Owen writes: Led by Lord Carrington, the Foreign Secretary, British Ministers yesterday urged MPs to exercise restraint in condemning the imposition of martial law in Poland and to say nothing likely to increase the possibility of the direct involvement of Russian forces.

- An international task force of western banks co-ordinating debt discussions with Poland has informed all the 501 banks it represents urging them to proceed with arrangements for the rescheduling of $2.4bn (£1.26bn) in debt falling due in the final three-quarters of this year.

£ in New York

	Dec. 11	Previous
Spot	$1.8660-8680	$1.9000-9020
1 month	0.38-0.28 dis	0.30-0.25 dis
3 months	0.85-0.80 dis	0.95-0.90 dis
12 months	1.20-1.00 dis	1.50-1.40 dis

CRISIS IN POLAND

Banks urged to proceed with debt rescheduling plan

BY OUR FOREIGN AND FINANCIAL STAFF

THE INTERNATIONAL task force of Western banks co-ordinating debt discussions with Poland has sent telexes to all the 501 banks it represents urging them to proceed with arrangements for rescheduling \$2.4bn (£1.26bn) in debt falling due in the final three-quarters of this year.

The telex was sent as Dresdner Bank, agent for the rescheduling arrangement, said yesterday it no longer expected the agreement to be signed by the end of the year as planned.

It was understood last night that the task force was anxious to reassure banks with loans outstanding to Poland, some of whom had been worried that the agreement might be near collapse following the military takeover at the weekend.

Dresdner Bank said the task force representing the banks had tried to make contact with Polish banking authorities, but had not succeeded.

Dr Hans Friderichs, Dresdner Bank's chief executive, said the situation was as difficult for bank creditors to assess as for everyone else. The bank stressed it was hoping for a quick normalisation of the situation in the country, adding that it would only be possible to rebuild Poland's creditworthiness and competitiveness if loan terms were respected.

The question now being asked among bankers in West Germany is whether the International Monetary Fund will still find it possible to play a role in helping Poland through its debt problems, something the banks have been anxious to see.

Meanwhile, the West German Government has learned that both East Germany and other East-bloc nations have been providing Poland with financial support. This was confirmed to Herr Helmut Schmidt, the West German Chancellor, during his visit last week to Herr Erich Honecker, the East German leader.

Signing of the rescheduling agreement depends on Poland paying about \$450m in overdue interest to Western banks. In the confusion surrounding the military takeover on Sunday, some bankers felt that it would be harder than before for Poland to find such a large amount of cash.

But Poland will continue to repay the interest despite the state of emergency, according to the banks' leader in the debt rescheduling negotiations.

Mr Guido Condrau of the Swiss Bank Corporation said last night he was confident that the Polish Government would fulfil its agreement with Western banks to repay the interest owed before the signing of the rescheduling agreement for 1981.

"I received confirmations today that the money is already in the pipeline and I am confident that the Poles will do whatever they can to execute the payments," added Mr Condrau.

Mr Condrau said that the confirmation he had received, from Swiss and American banks, may have been sent out Friday evening when interest repayments began, but he was nonetheless convinced that the repayment would continue later this week.

Richardson warns over lending judgment

By David Marsh

A WARNING that debt rescheduling problems involving countries such as Poland could prompt commercial banks to slacken lending to other indebted countries was given yesterday by Mr Gordon Richardson, Governor of the Bank of England.

In a speech to the Association of German Banks in Bonn, Mr Richardson called on banks involved in international lending to "exercise careful judgment" in dealing with heavily-borrowed nations.

Up to now, cases of bank rescheduling for heavily borrowed countries, although increasing, had not created anxiety about the ability of the banking syste mto handle them.

"A more widespread difficulty could however arise if a failure to agree on a rescheduling were to lead to a default or moratorium which caused banks to react defensively towards other indebted countries, precipitating difficulties for them."

Drawing a parallel with banks' relations with domestic companies facing difficulties due to the recession, Mr Richardson said: "Banks must of course consider carefully whether the difficulties faced by a company—or a country—are transient, or whether in either case they reflect fundamental maladjustment or mismanagement. But banks do not withdraw support from a range of companies merely because one of them is in difficulty; nor should they do so from a range of countries, just because one may be forced to reschedule."

The confrontation Walesa said was inevitabl

BY LESLIE COLITT IN BERLIN

IN THE wake of the imposition of martial law in Poland, questions being asked are: Did Solidarity fall into the hands of extremists who wanted to abolish the Polish Communist Party, and create a Western-style pluralist society? And were they planning a coup as General Wojciech Jaruzelski, the Polish leader, asserted when he took his action?

Solidarity had its extremists, which was not surprising in a society bottled up by 35 years of Communist rule. But the extremism reflected the views of many Poles who saw no hope of reforming the system.

Mr Lech Walesa, Solidarity's leader, who is believed to have been interned in a Government guest-house, was both a militant and a moderate.

In the fourteen months since Solidarity was born after the Gdansk strikes it has been evident that the union and the Polish Communist leadership could not co-exist. Even in the present circumstances, when most Poles were tired of striking and queuing and yearned for a return to normal, the independent union had a greater following than the Communist Party, which was losing authority as quickly as members.

The Communist Party never had the broadest popular following and Solidarity feared that the party leadership was more dangerous than ever because of its weakness.

Over recent weeks positions became more firmly defined.

On November 27, Gen. Jaruzelski announced that legal steps would be taken to halt strikes because of industrial anarchy. The move coincided with a statement by a member of his Politburo that more than 400,000 Poles had left or been expelled from the Communist Party.

Apart from strikes by students and farmers, who brought in a good harvest, the level of industrial unrest was at a low point compared with previous months. But the authorities' threat of a strike ban — even if the Polish Parliament was unlikely to pass such a law — made Solidarity more radical.

Less than a week later, riot police supported by army units stormed the firemen's training academy in Warsaw to end an eight-day occupation strike by cadets.

Solidarity's leaders said the action had ended the prospect of a national accord and warned of a general strike. Mr Marian Jurczyk, the union's deputy leader, demanded free elections in a speech to workers in Radom.

Mr Walesa, speaking at the same meeting, said the union could no longer back down "or else you will throw us away." Speaking of the authorities he said: "We know that we won't be able to dethrone them without a struggle."

Mr Walesa had often used rousing language to demonstrate that he was not afraid of getting tough with the authorities and was not going to be outflanked by Solidarity radicals.

But on December 6, leaders of the Warsaw branch of Solidarity called on workers to stage co-ordinated protest rallies throughout Poland on December 17. The following day the official government media quoted Solidarity leaders as having openly called for the overthrow of the Communist Government.

At a meeting in Radom, Mr Walesa admitted saying that confrontation was inevitable.

Mr Jan Rulewski, one of the union's most radical regional leaders, said that the union must "fight for a provisional Government to stabilise th country" before free electio could take place.

Then on December 10 th strongly anti-Communist Co federation of Independe Poland (KPN), which had de veloped into an open oppositio group, vowed to create "sovereign state" with goo relations with all Poland neighbours.

Tass, the Soviet news agenc replied by attacking an allege Solidarity plan to create "storm troopers." It said that KPN members were wearing the sym bols of the Polish Home Arm which had fought against th Soviet Union in 1945.

Within 48 hours Polish security police detained Soli darity's leaders after a meeting at the national commission at the Gdansk shipyard where th August strikes began.

The union was unprepared and had posted only a few wor kers to guard the gate.

Church leader broadcasts appeal for calm

LONDON - WARSAW RADIO monitored here yesterday repeatedly broadcast an appeal from Archbishop Jozef Glemp for Poles not to resist martial law with violence.

The Catholic primate has played a leading role in talks with the Government and Mr Lech Walesa, the Solidarity's leader.

Referring to the imposition of martial law and the suspension of a wide range of civil liberties, the Archbishop pleaded that Poles should not start to fight each other. Every life would be needed to rebuild Poland once martial law had ended, he said.

"The (Communist) authorities are no longer authorities of dialogue between citizens and have become . . . . authorities equipped with the means for summary coercion compelling obedience," he said.

"Opposition to the authorities' decisions under martial law could cause violent enforcement of obedience . . . because the authorities have armed forces at their disposal.

"We may be indignant and shout about the injustice of such a state of things, protest against the infringement of civil rights, human rights, but this may not yield the hoped-for results.

"The authorities consider that the exceptional nature of martial law is dictated by higher necessity, the choice of a lesser evil. Assuming the correctness of such reasoning, the man in the street will accept the new situation. But also many people will feel a sense of hurt."

Archbishop Glemp said martial law could not happen without infringing basic civil rights.

"It carries with it, in many cases, a trampling on human dignity, the arrest of innocent people, contempt for men of culture and science, perplexity in many families," he said.

The Archbishop added: "The Church will be unyielding when it comes to defending human life. It does not matter if the Church is accused of cowardice . . . and therefore in this state of martial law it will call for peace . . . it will call for an end to violence, for the prevention of fracticidal struggle if it takes place. Reuter

Archbishop Glemp: every life needed

Moscow maintains cautious stance

By David Satter in Moscow

THE SOVIET UNION, in its first direct comment on Warsaw's imposition of military rule, maintained its cautious public stance and insisted that events in Poland were an "internal affair."

A statement of the Soviet position, issued by the official news agency Tass, said the Soviet Government and Soviet people were following events in Poland closely. It noted with "satisfaction" the promise of Mr Wojciech Jaruzelski, the Polish leader, that the Polish-Soviet alliance would remain "the cornerstone of Polish state interests."

The agency did not elaborate further, however, on the Soviet view of the Polish crisis. It said only that the Soviet people wished the "fraternal Polish people" success in solving the "difficult problems" before them.

Non-involvement

The Soviet Union is now expected to maintain the appearance of non-involvement in the Polish crisis for at least the next few days in order to avoid antagonising Polish workers unnecessarily.

Tass also accused the West of trying to interfere in Poland's affairs.

"It is no accident that the enemies of independent Socialist Poland inside the country had the support of certain external circles in the West," the agency said.

These "enemies" had jeopardised Polish independence by seeking to overthrow the existing social system, deepen the crisis in the country and disorganise the economy.

They had tried with all their power to undermine the friendship between the Polish and Soviet peoples, Tass said.

Direct threat

"By putting forward an anti-socialist, counter-revolutionary programme they created by their actions a direct threat to fulfilment by Poland of its allied commitments under the Warsaw Treaty" which directly affected the security interests of other Warsaw Pact states.

Tass stopped short of endorsing the imposition of martial law in Poland, although Moscow has long been advocating a tough Polish stand. In the present uncertainty, this may be an attempt not to become too closely identified with the Polish Government's emergency measures.

Embarrassment for Italy's PCI

BY RUPERT CORNWELL IN ROME

THE MILITARY takeover in Poland threatens to be an embarrassment to the Italian Communist Party—over what remains of its relationship with Moscow, and over the risk of further isolation in domestic politics.

The PCI, the largest Communist Party in the West, had pinned hopes on the development of the Polish experiment as proof of its contention that a "third way" linking Socialism and democracy might be found.

However, failure of the emergency measures taken by General Jaruzelski to restore order would lead inevitably to Soviet military intervention. Such a step, the Communists have declared, would force the party to sever its remaining ties with Moscow.

The Communist leadership has condemned the military takeover and demanded an immediate return to full civil liberties. It called for an "open debate" in Poland that would isolate "extremists."

This last observation suggests that the PCI attributes part of the responsibility for the crisis to radical elements in Solidarity.

The PCI is also aware that the clampdown may provide an opportunity for its political opponents to indulge in anti-Communism—a likely tactic because general elections seem distinctly possible.

The party's statement pledged its continuation on an independent path, but appealed to other left-wing and Catholic Parties—the Italian Socialists and Christian Democrats for example—not to make propaganda out of the Polish crisis.

These fears were underlined yesterday when a Socialist spokesman said that "behind Jaruzelski's police were Brezhnev's tanks," and urged the Communists to make common cause with other left-wing parties and condemn the Soviet Union's foreign policy.

The PCI, which still has an influential pro-Soviet minority, is backing the joint demonstration supporting Solidarity called for this evening by the three main unions. The largest of them, the CGIL, is dominated by the Communists.

Tension among French leaders

BY DAVID WHITE IN PARIS

FRANCE'S ruling Socialist-Communist alliance came under strain yesterday as leaders of the two parties took sharply different lines on developments in Poland.

Tensions also rose within the French Communist movement. Some members of the party and of the Communist-dominated CGT union rebelled against the decision of the two organisations to abstain from pro-Solidarity protests.

But M Pierre Mauroy, the Prime Minister, claimed that there was no split in the Government—which includes four Communist Ministers—over the Polish issue.

The Communist Party and the CGT were conspicuously absent from a union-organised march in the French capital last night. M Lionel Jospin, the Socialist Party leader, took part alongside union chiefs, and the National Assembly suspended its sitting to let Socialists and Opposition members join the protest.

Communist MPs had said they would abstain if the suspension were put to a vote.

M Georges Marchais, the Communist leader, said on Sunday that "nothing should be done that might favour an internal confrontation (in Poland) or external intervention."

He said the Frech Communist Party would stay out of any initiative that "might get in the way of the necessary search for a peaceful solution to the crisis."

The party daily l'Humanite yesterday laid the main blame for Poland's current situation on "the excesses of Solidarity" and the union's "refusal of the national entente tirelessly proposed by the party, refusal of any dialogue and appeals to armed struggle and subversion."

It expressed the hope that the Poles should be able to solve their problems "without any foreign interference" and warned against "irresponsible demonstrations."

M Mauroy on Sunday had emphasised that France would steer clear of "any interference in Polish affairs," but at the same time expressed the Government's "most serious concern," warned of "grave repercussions" and called for "the restoration of civil and union liberties."

George Marchais: need for peaceful solution

In two declarations yesterday, French Communists—some recently expelled from the party, but also some current members—protested against both the introduction of martial law in Poland and the French Communist Party's attitude.

Armed forces push Communist Party into supporting role

Dual authority with a vengeance

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

ONE OF the strongest ideological attacks made on the Polish trade unions by the Soviet Union last summer was the accusation that Solidarity was trying to set up a "dual authority." Such an attempt at power sharing was called a cardinal sin against the theory of one-party Communist rule.

But it is difficult to escape the conclusion that, with the formation of the "Military Council of National Salvation" headed by General Wojciech Jaruzelski, the most successful downgrading ever of the Communist Party has now taken place. It is dual authority with a vengeance.

The General went out of his way to assure the Polish people that establishment of the Council did not amount to a coup. Yet the replacement of all civilian Communist Party officials at the top levels by 15 generals, five colonels and an admiral complete a progressive militarisation of the Polish power structure which effectively downgrades the party to a supporting role.

Formally the new council appears to sit on top of the existing structure rather than replace it. The principal link between the party and the Council is Gen Jaruzelski himself, who is both head of the Council and First Secretary of the party, Defence Minister and Prime Minister.

Another leading member of the Council, Gen Florian Siwicki is a member of the Politburo. All the other members of the Council are also leading Communist Party members because this is automatically the case for all top-level appointments under the Comunist system.

The formal Comunist Party power structure headed by the Politburo and Central Committee remains intact. In a classic military takeover, these bodies would have been abolished and their members arrested. As it is, arrests among Party members have been limited to former leading party officials—including the former first secretary of the party, Mr Edward Gierek and his Prime Minister Piotr Jaraszewicz.

But power is now publicly in the hands of leaders of the Polish Armed Forces. They have at their command nearly 320,000 members, of whom 185,000 are conscripts on two-year turns of duty backed up by the 95,000-strong para-military forces. These include 18,000 border troops which come under the Ministry of the Interior and 77,000 internal security forces.

Over the past six months these forces have shouldered a growing share of the burden of policing Poland, improving the honesty and efficiency of local administration, as well as helping with the harvest and providing additional labour on construction sites.

It is all a far cry from the traditional function of what is the second largest army in the Warsaw Pact, armed and equipped to serve as an integral part of the Soviet-led defence effort.

The main question over the suitability of the forces to run Poland, however, hangs over the willingness of the mainly conscript army to fire on fellow Poles if the situation demands it. Traditionally the army has been a popular institution and the army's esprit de corps has been carefully fostered, even down to such symbolic acts as the retention of traditional Polish-style uniforms rather than the Soviet-type uniforms worn in most other East countries.

Gen Jaruzelski has gambled that the deployment of military force will be enough to restore order. The use of that force, however, could exacerbate the strains in Polish life which the army is seeking to reduce.

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Mintoff heads for victory in Maltese election

BY GODFREY GRIMA IN VALETTA

THE MALTESE Labour Party headed by Premier Dom Mintoff yesterday appeared to be heading towards victory in the island's general election.

As results began to filter through, the Labour Party appeared to be gaining a majority in most districts. There is also the possibility that the party will increase its share vote against the 1976 election, although it is too early to identify percentage gains.

First results show all of Mr Mintoff's Ministers to have been returned, with Mr Mintoff himself polling a record personal vote of more than 18,000 from two districts.

With counting still taking place, the opposition Nationalist Party, headed by Dr Eddie Fenech Adami, remains optimistic. Despite open claims of victory by the Labour Party, the Nationalist Party has not yet conceded defeat.

Mr Dom Mintoff

The news that the Labour Party, which has been in power since 1971, was likely to win the election was first broadcast early this morning by the island's state-owned television station.

This spurred thousands of party supporters to pour into the streets. Throughout the day, carloads of supporters in festive mood have been touring towns and villages.

A Labour Party official yesterday attributed the party's expected victory at the polls to the social measures the Government has introduced since coming to power. He agreed that the mobilisation of television in the Government's favour—in answer to the Nationalist Party's broadcasts from Sicily — helped polarise the party vote.

The elections were perhaps the best organised in recent years, leaving little margin for charges of the poll being rigged.

Workers in Portugal answer call for protest

BY DIANA SMITH IN LISBON

HUNDREDS OF THOUSANDS of Portuguese workers obeyed the call of the Communist-dominated General Confederation of Workers (CGTP) at the weekend to demonstrate against the Government's new wage ceilings and its attempts to revise labour laws that make it virtually impossible to dismiss an employee.

The demonstrations were held in 40 cities and towns. In Lisbon, up to 200,000 marchers gathered in the Praca do Comercio (Black Horse Square), seat of many government offices, to hear union leaders call for the overthrow of the Balsemao Administration and for snap general elections.

The campaign is continuing this week with a strike on the Lisbon underground and on the national television network. The confederation has vowed to keep up the pressure until the Government falls.

Behind this attempt to recreate the agitated times of 1975—when the Communist Party had considerably more support than it has now—is an effort to make it difficult for the ruling coalition of Social Democrats, Christian Democrats and Monarchists to steer the long-delayed revision of the Socialist 1976 constitution through parliamentary committee.

Once the constitution is reviewed, minus Socialist terms and precepts, the leeway left to the Communists will be narrower.

Although the Communists can still bring out large numbers of demonstrators, their success with strike calls has been less resounding. But the threat of diminished real wages next year, due to ceilings that the Administration wants to hold below its officially-stated inflation rates, combined with credit squeezes and mounting unemployment, could produce a serious swing against an already unpopular Government.

Local elections are due at the end of 1982, and it is clear that the Communists are trying to build up a strong following by then.

Arafat in Greece for talks with Papandreou

BY VICTOR WALKER IN ATHENS

MR YASSER ARAFAT, leader of the Palestinian Liberation Organisation (PLO), opened talks yesterday with Mr Andreas Papandreou, Greece's Socialist Premier, on the granting of diplomatic status to the PLO information office in Athens.

The PLO leader flew in from Beirut under unprecedented security. He landed at Eleusis military airfield and flew by helicopter to Athens stadium, where he was greeted by Mr Papandreou and Cabinet members.

The talks opened after a *wreath-laying* ceremony at the tomb of the Unknown Soldier, during which a few hundred Palestinians shouted slogans such as "Down with Zionism and Imperialism" and "Long live Greek-Palestinian friendship."

Apart from the upgrading of the PLO office to diplomatic status, Mr Arafat's talks in Athens are expected to cover Greece's relations with the Arab world generally — and with the Palestinians in particular — the Cyprus problem and the situation in the Middle East and the Mediterranean. *The role that Greece can play* in promoting the Palestinian cause as a member of the European Community, and the granting of scholarships to Palestinian students will also be discussed.

Full details of Mr Arafat's programme were not available for security reasons. He is, however, scheduled to meet *Mr Demetrios Beis*, Mayor of Athens, today to thank him for the hospitality extended every summer to Palestinian children at municipal holiday camps.

Last night, Mr Karolos Papoulias, the under secretary of foreign affairs, gave a reception in his honour.

W. German electricity utilities 'plan more plant'

MUNICH — West German electricity utilities plan to raise investment in plant and equipment steadily over the next few years to reach DM 17.6bn (£4.2bn) in 1984, the IFO economic research institute said yesterday.

Investment by the utilities fell in 1979 to its lowest since the beginning of the 1970s, but rose by 16 per cent in 1980 to DM 9.47bn, and is expected to total DM 12bn this year, *it said* in a report.

Most of the investment is to build coal and nuclear power stations, as utilities try to reduce the proportion of electricity produced by high-cost oil and gas fired stations, it said.

● A West German business leader has warned against overestimating the strength of the nation's exports in helping it overcome its economic difficulties.

Herr Otto Wolff von Amerongen, president of the Federation of West German Chambers of Commerce, told journalists in Cologne that *various factors* spoke against the country's export revival continuing.

He cited the economic slowdown, exemplified by the situation in the U.S., a reduction in the purchasing power of the oil-producing nations, and increasing trade curbs throughout the world, especially in the developing countries.

The temporary price advantage in foreign markets, stemming from a weaker Deutschemark, had also disappeared, increasing the need to create pre-conditions for supporting the domestic German market, Herr von Amerongen said.

This in turn called for higher company investments, and any future wage claims designed to safeguard the real value of earnings would be too high, he said.

Reuter

Liza Alexeyeva receives passport

By David Satter in Moscow

MISS LIZA ALEXEYEVA, the woman for whom Dr Andrei Sakharov, the Soviet dissident leader, went on hunger strike, yesterday received her foreign travel passport, ending a rare successful confontation with the Soviet state.

"I am very happy," Miss Alexeyeva said, after receiving her documents at the Moscow emigration office.

She said she had been told she must leave the Soviet Union by December 21. She plans to travel to the U.S. to *join her husband*, Mr Alexei Semyonov, Dr Sakharov's stepson, from whom she has been separated for more than three years.

For the Sakharovs and Miss Alexeyeva, the receipt by her of official travel documents marks the end of an extraordinary period of extreme physical and psychological pressure.

Miss Matalya Geese, a friend of the Sakharovs who spoke to them in Gorky, Dr Sakharov's place of exile, said that Dr Sakharov and his wife, Yelena Bonner, who also participated in the hunger strike, were weak and emaciated after the 17-day protest.

During the last five days of their hunger strike, Dr Sakharov and Miss Bonner were kept in separate hospitals. East was threatened with force feeding and told repeatedly that the other was dead, Miss Geese said.

The Sakharovs persisted with their protest until the Soviet authorities finally agreed on December 8 to allow Miss Alexeyeva to leave the country. The decision was apparently taken out of fear for the international reaction in the event of Dr Sakharov's death.

Miss Alexeyeva said she expected Miss Bonner to travel to Moscow to see her off "I don't know exactly when I will leave, but it will be after Yelena gets here," she said.

When the Sakharovs were hospitalised on December 4, the Soviet Government newspaper, Izvestia, denounced their hunger strike as a political provocation and trick. It vowed there would be no change in the decision to refuse Miss Alexeyeva the possibility to emigrate.

A week later, the Soviet Press announced briefly that Miss Alexeyeva would be allowed to leave the country "by way of exception."

Dutch gas find in N. Sea

Pennzoil Nederland said it made a third gas find off the Netherlands on block K/10 in the North Sea, about 100 miles north west of The Hague, Reuter reports from The Hague.

The significance and extent of the find can be determined after further evaluation, it said.

The well was drilled to a depth of 9,413 ft and from selected perforations between 9,262 ft and 9,275 ft.

Pennzoil Nederland, a wholly owned subsidiary of Pennzoil of the U.S., is operator and has an 8.36 per cent stake in the consortium.

Other members include Amoco Netherlands Petroleum (30 per cent) and Veba Oil Nederland (20 per cent).

Early date ruled out for trilateral talks

M Jean Pierre Chevenement, French Research and Technology Minister, ruled out an early date for the proposed talks between the U.S., the EEC and Japan and indicated France may oppose them unless more countries are included, Reuter reports from Tokyo.

He said he was unable to give any date for the proposed talks, but added they would be discussed at next year's summit of seven major industrial democracies in Paris in June.

Dutch Parliament to debate wage controls

The Dutch Parliament is expected to debate this week a proposal by the Cabinet to impose partial wage controls for 1982, AP-DJ reports from The Hague.

The measure, which would usher in Holland's third year of wage controls, is designed to limit the nominal growth in incomes to 6 per cent in the next year, to set a ceiling for automatic price compensation and reduce the size of an annual dispersement known as vacation bonuses.

Italy's industrial production falls

Italy's seasonally adjusted index of industrial production fell 2.45 per cent in October from September and was down 2.87 per cent from a year earlier, the Government statistics institute ISTAT said at the weekend, AP-DJ reports from Rome.

David Housego in Paris examines the Socialists' defence dilemma

Attempting to throw off the disarmers' tag

ONE OF the parting shots of M Jean Francois-Poncet, the former French Foreign Minister, on leaving the Quai d'Orsay in May was that the incoming Socialist administration would certainly cut back on defence.

In fact, he could not have been further from the mark. It has been a guiding principle of M Francois Mitterrand in these still early months of his Presidency to *immunise* himself from unwelcome right wing accusations that the Socialists are a party of disarmers or that it was the left-wing Popular Front government of the 1930s that was responsible for France's military unpreparedness on the eve of the Second World War.

But his administration is now having to come to grips with the familiar problem that at a time of rising military costs and of competing claims on the budget, France's economic resources are insufficient to provide the armed forces with the means to carry out the tasks that might be required of them. They are painfully overstretched.

The *major* defence expenditure decision that President Mitterrand has taken since coming to power—that France is to proceed with the development of a second generation of nuclear weapons — could exacerbate this problem. It will probably involve a larger outlay of funds than any other government programme the Socialists have announced but paradoxically it is one that has been little debated here.

In practice it involves replacing the airborne component of *France's strategic* nuclear deterrent — the 50 Mirage IVs—by a mobile ground-to-ground missile system as the ageing Mirages are withdrawn from service; the building of a seventh nuclear submarine of greater sophistification and higher technology, which is to come into service in 1994; and the replacement of the Pluton tactical nuclear missile with the Hades which has a range of about 250 km or double that of the Pluton.

French officials agree that there were no pressing technical reasons for the apparent haste with which these decisions were taken. Indeed there were a good many reasons for postponing them until the government had reviewed its priorities in the context of the new five year military budget scheduled to run from 1984-88 and which the government is due to put before the National Assembly in 1983.

A second reason for the apparent haste would seem to be some nervousness within the administration that such major defence commitments could be politically more difficult in a year or two. Communists, though long-time supporters of *France's nuclear deterrent*, are opposed to President Mitterrand's pro-Atlantic policies and against the building of a seventh nuclear *submarine*. The Communist Party remains the driving force behind France's still embryonic pacifist movement.

The Socialists also have their lobbies of pacifists, "anti-nuclearists" and ecologists (it was the independent Ecologist party swinging behind President Mitterrand in the election that helped give him victory). The fear, therefore, is that these dissonant voices could bubble to the surface during the cantonal and communal elections of 1982 and 1983 making it more difficult to embark on new nuclear programmes, then—especially if the government is under pressure to commit more funds to sagging employment generating programmes.

A third reason—to be heard in the corridors of the National Assembly where the Parliamentary defence commission has been recently analysing the defence budget—is that President Mitterrand has chosen to act now to protect an expanded nuclear programme against the day when financial stringency *imposes cuts on defence*. Cuts seem inevitable. In the words of the Assembly's defence commission, "the value of our defence system will depend on our willingness to make choices as the inevitable financial constraints from now on begin to bite."

The 1982 defence budget does not attempt to make good those delays. It shows on official calculations defence expenditure rising as a proportion of GNP from 3.85 per cent in 1981 to 3.895 per cent next year which as the Government claims reflects an upward trend not shared by all France's allies. But, in fact, defence spending, scheduled to rise at 17.6 per cent next year, is growing more slowly than the 27.6 per cent for Government expenditure as a whole: it represents a slower increase than the annual rise of 0.09 per cent of GNP to which President Giscard d'Estaing committed his government; and in terms of capital equipment, authorised spending will rise by only 11.75 per cent to FFr 70.7bn or at a rate below the level of inflation.

The commission concludes that in spite of the impressive size of the 1982 defence budjet there are not the funds to do everything. "Even if difficult revisions are necessary, we shall need to choose what is essential and concentrate our efforts on that," it said.

The choices are due to be hammered out over the coming year during the preparation of the five-year military plan. But in practice President Mitterrand's *decision to modernise* 16 nuclear forces limits the other options. The nuclear forces will already next year absorb 30 per cent of an authorised military capital budget of FFr 70.7bn. This is at a time when in fact the pace of nuclear spending has been slowing as France makes the transition between first and second generation nuclear weapons. The big spending lies ahead.

French 'bringing monetary expansion under control'

BY DAVID HOUSEGO IN PARIS

THE FIRST signs that the French authorities are having more success in bringing under control the recent rapid rate of monetary expansion have emerged with figures from the Bank of France.

The Bank says that the pace of monetary growth (M2) slowed to 0.5 per cent in September after increases of 1.5 per cent in August and 1.6 per cent in July. The September figures represent an increase over the previous *12 months of 13.3* per cent and an increase since the beginning of the year of 10.9 per cent.

Under the tight monetary policies of the former government of M Raymond Barre, M2 expanded by 9.7 per cent in 1980 after a 14.4 per cent growth in 1979.

The new figures come as the government is wrestling with what target rate of monetary expansion to set for next year. The Bank of France is said to be in favour of 13 per cent as being supportive of the government's anti-inflationary policies and of the franc. The Ministry of Economy is believed to have favoured slightly more relaxation and the Ministry of the Budget supported a rate of 16-16½ per cent.

The major reason for the slowdown in monetary growth, according to the Bank, are the limits imposed in early September on the interest banks can offer on short-term deposits

A FFr 15bn state loan launched in September also reduced the need for short-term Treasury financing.

The French authorities expect a slower rate of monetary growth in October and November after the sharp acceleration in the spring and summer. The January-August figures amounted to a 17.6 rate of monetary growth on an annualised basis.

A key determinant of the pace of monetary growth in 1982 will be whether the government can hold the budget deficit to the planned level of FFr 95bn. Bankers expect some slippage because of unplanned expenditure and lower tax receipts if the economy fails to achieve the 3.3 per cent rate of growth which the government is aiming for.

Du Pont workers reject union recruiting drive

BY IAN HARGREAVES IN NEW YORK

WORKERS at 14 key plants of the Du Pont chemical company in the U.S. have voted by large majorities to resist a recruiting drive by the United Steelworkers Union.

In what was seen as the most important labour organising drive of 1981, not a single plant voted for the union and, at some, the majority was three to one against.

Even in heavily industrialised parts of the northern U.S., such as the State of New Jersey, workers voted by wide margins either to reject labour unions altogether or to keep their "independent unions."

About 11,500 workers were involved in the ballot, which drew a 93 per cent turnout.

The vote came after eight years of careful preparation by the union, which had resisted arguments to hold the vote at an earlier time, preferring slowly to build up its strength at plant level first.

This strategy, considered a hallmark of the USW, which is one of the most effective organising agents in the American labour movement, failed spectacularly at Du Pont.

The company had staunchly resisted the USW's advances, both with a huge information campaign designed to convince its employees that the advent of the USW would mean Du Pont's businesses lapsing into the weak condition of the U.S. steel industry, and over the longer term, by offering wages and benefits equal to those of unionised workers in any given area.

The union argued that Du Pont in reality pays less to its workers in the southern U.S. and that only a national union could remedy this grievance.

The closest the USW came to winning this argument was at Du Pont's plant in Chattanooga, Tennessee, where the vote against the union was a narrow 1,146 to 961.

The fact that the USW is primarily a steel union had some impact on the Du Pont vote, but the strength of the pro-company vote is a more general indication of the uphill task the labour movement faces in halting a slide from influence in American life.

Only one in five American non-farm workers now belongs to a labour union. The chemical industry is less than half unionised.

France 'naive over El Salvador'

PARIS—Mr Evan Galbraith, U.S. Ambassador to France said yesterday that France was naive to support the guerrillas in El Salvador. He also said he was "surprised and disappointed" to see the French Government normalising its relations with Libya.

In an interview published in the newspaper Le Matins, Mr Galbraith, who presented his credentials to President Francois Mitterrand, earlier this month, said the principal point of friction between the French leader and President Ronald Reagan was El Salvador and Nicaragua.

"We know very well that Nicaragua supports revolutionary movements in El Salvador, that the Cubans totally dominate the Sandinistas," Mr Galbraith was quoted as saying.

"Isn't this the first step in a paramilitary operation which could lead to a Cuban takeover of Nicaragua, El Salvador or even Mexico?"

France's support of the guerrillas in El Salvador "surprised us because when you take the facts into account it cannot be justified.

"Believe me, we are not naive about seeing Cubans everywhere for the fun of it. It's the French who are naive to take their desires for reality."

France and Mexico have recognised a coalition of guerrillas and Leftist opponents of El Salvador's Government as a representative political force that should have a role in solving the Central American nation's political crisis.

Mr Galbraith was quoted as saying the U.S. was presenting the French with evidence of alleged Cuban involvement

Concerning France's decision to normalise relations with Libya, announced as President Reagan ordered U.S. businessmen out of the country, Mr Galbraith was quoted as saying that people had to realise Libya "was a threat to civilised countries."

"Do we have to wait until someone gets killed before there is action?" he asked.

Mr Galbraith, 53, is a lawyer and banker who spent six years in France with Morgan Guaranty in the early 1960s. A.P.

Levesque stakes his future on referendum

By Robert Gibbens in Montreal

MR RENE LEVESQUE, the popular Premier of Quebec, is staking his political future on a bid to reverse his party's newly-adopted resolution committing it to an all-out pursuit of Quebec's sovereignty.

A regular conference of the Parti quebecois on December 6 voted to drop Mr Levesque's policy of pursuing sovereignty only in economic association with the rest of Canada.

Mr Levesque yeseterday hit back with a decision to hold a referendum among the party's rank and file next February, asking them to restore his concept of sovereignty-association.

He hinted that he would resign both from the party leadership and the office of Premier if the vote went against him.

Mr Levesque also wants the party members to say that sovereignty-association must be achieved democratically. That would reverse the conference decision to proclaim sovereignty if the party wins the next election, even if it should not gain a majority of the popular vote.

The PQ gained overwhelming majorities in the National Assembly elections of 1976 and 1981 with fewer than half the popular votes.

In the interval, it lost a referendum in which Quebec voters were asked to authorise Mr Levesque to negotiate sovereignty-association with the Federal Government in Ottawa.

Mr Levesque's Cabinet has also come under fire for an unpopular mini-budget introduced last month.

David Lascelles on a growing foreign exchange market in the U.S.

New York joins the big league

NEW YORK has always hankered to be the world's leading financial centre, and the recent start-up of offshort banking here was a big boost. But bankers say its international standing has gained far more from another development: the extraordinarily rapid growth of its foreign exchange business in the last few years. This is has made it a force to be reckoned with in a market where—surprisingly perhaps—it was a minor player as little as ten years ago. It's also seen as a sign of closer involvement with the outside world by the U.S.

Between April 1977 and March 1980, the daily trading volume on the New York foreign exchange market soared nearly five-fold, from \$5bn to \$23bn according to a recent study by the New York Federal Resrve Bank. Nobody knows exactly how much it traded in London—its biggest rival—because the Bank of England does not release comparable figures. But the feeling among bankers is that New York trading has caught up impressively, though it probably still lags in volume because dealing tails off at the end of the day after Europe closes down.

For decades, New York was little more than a distant appendage to the world foreign exchange market because the small demand that existed in the country for foreign exchange services. Tht began to change in the 1970's, specially from 1978 onwards.

The Fed study cites these among the reasons:

—A marked growth in U.S. foreign trade and the country's involvement in international markets.

—The dramatic sharpening of exchange rate fluctuations which has focussed much more attention on foreign currency exposure not just at banks but corporations as well.

—Vastly improved market-making in New York thanks to closer inter-bank dealing and the growing role of international foreign exchange brokers.

As a result, the Fed says, "New York ... has been transformed from a regional market to a major link between Europe and the Far East that now rivals London as the leading centre for global foreign exchange dealings."

> "New York . . . has been transformed from a regional market to a major link between Europe and the Far East that now rivals London as a leading centre . . ."

The U.S.'s deepening overseas involvement stemmed partly from the massive increase in oil imports in the early 1970s. This coincided with a sharp growth in export awareness and forced a whole new segment of U.S. business to buy and sell foreign currencies. The wild swings in exchange rates during the 1970s also obliged American businesses with foreign interests to protect themselves by entering the unfamiliar world of hedging, forward trading, swaps and, most recently, currency futures which began to grow in earnest from about 1973 onwards.

Currency fluctuations also attracted vast numbers of speculators who like nothing better than a market that moves—up or down. Leading the way were large U.S. banks for whom foreign exchange is one of the few markets where they may deal on their own account. According to the Fed study "pure" inter-bank trading—unrelated to fulfilling customer orders—accounted for as much as half of the increase in foreign exchange trading in New York between 1977 and 1980, which amounted to \$385bn.

Foreign exchange trading profits have thus become a useful new source of revenue for U.S. banks at a time when balance sheet-based business like deposits and loans is not terribly profitable. Last year Citicorp, the U.S.'s largest banking group, earned \$175m on its foreign exchange business which offset a good part of the losses it suffered on its lending business. Other big players are Bank of America (\$99m in profits last year), Chase Manhattan (\$96m), Morgan Guaranty (\$63m), Chemical Bank (\$35m) and Manufacturers Hanover Trust (\$9m).

But like all trading, foreign exchange is a risky business and banks are learning not to rely too heavily on it for profits. In 1979, a specially difficult year, foreign exchange earnings took a nasty dip.

The army of foreign banks that set up shop in New York in the late 1970s fuelled the market's growth by adding depth and liquidity—as well as giving it a more aggressive tone. Their arrival also accelerated the breakdown of a long-standing agreement among U.S. banks not to trade directly with each other but through brokers. (The agreement had partly to do with anti-trust fears which the foreign banks did not share.)

New York's emergence as a full-blown player in the world foreign exchange markets has obviously had an impact on trading patterns, though quite how much is a matter of some debate. The opening of trading in New York (which happens just after lunch in London) has become a big moment for which traders now position themselves.

New York's absence from the market on U.S. holidays has begun to matter, previously it did not. And as the Fed study pointed out, New York has become an important chain in round-the-world dealing. Banks who run a 24-hour "book" pass it from London to New York, whence it travels, probably via San Francisco (itself a small though growing market) to the Far East. New York's trading hours are also important because that is when Wall Street's credit markets throw up changes in interest rates which affect the dollar.

On the other hand the trading pace on Wall Street slackens noticeably once Europe has shut down for the day and dealers (who come in very early to catch Europe) take the chance to relax. Trading becomes thin and quirky—a single deal can make a noticeable blip in the market—and bankers are usually wary of reading too much into rate changes after the London close.

Mobil employees fly out of Tripoli

TRIPOLI—Sixty-seven employees of the American Mobil Corporation and their families, given flowers by the Libyan Government, departed on a chartered airliner from Tripoli yesterday in line with the Reagan Administration's orders to quit the country.

Executives said they had hoped to be able to keep employees in Libya for two or three months, to allow them time for an orderly withdrawal. But they said Washington was insistent the departures should be sooner.

Although they still hoped President Reagan would reconsider his order, they did not expect he would, they added. "We have more or less resigned ourselves to this, although we're hoping the Government will reconsider," a senior oil executive declared.

President Reagan last week ordered about 1,500 Americans to leave Libya, saying their safety was imperilled because of what he called "increasing hostility" toward the U.S.

The order coincided with reports that the Libyan leader, Col Muammar Gadaffi, had dispatched a "hit squad" to the U.S. with orders to assassinate President Reagan or other top officials. Col Gadaffi has denied the reports.

The Administration had also said that legal sanctions would be used to remove Americans if they do not voluntarily leave Libya.

"We are complying with the U.S. executive order in a safe and orderly manner," Mr Doyle Marrs, 51, president of Mobil's Libyan subsidiary, said.

Mr Larry Speakes, deputy White House Press Secretary, has said a deadline for the evacuation had not been set, although President Reagan hoped it would be "done expeditiously."

Mobil announced last month—before the Reagan evacuation order—that it was leaving Libya. An official said the company planned some operations by non-U.S. personnel. AP

Oil agreement boosts Libyan output of crude

BY PATRICK COCKBURN

LIBYAN OIL production has risen above 1m barrels a day this month following signature of an interim agreement favourable to U.S. companies operating in Libya, according to diplomats in Tripoli.

At the beginning of last month Libyan output had dropped to 600,000 b/d, down from 1.6m b/d in April, because of the high prices charged by Libya.

Occidental, which has a favourable production sharing agreement with Libya's National Oil Company, is believed to have been lifting 150,000 b/d-200,000 b/d but there have also been increased purchases by ENI of Italy and Marathon of the U.S.

Diplomats in Tripoli say that on the day President Reagan announced his sanctions against Libya, output rose from 1.2m b/d to 1.3m b/d. This is unlikely to continue at so high a rate, and average production over the last month of the year will be closer to 900,000 b/d.

Because of the shortfall in oil exports in the third quarter, Libya urgently needs more oil revenues. Last year these totalled some \$24bn but this year will fall to \$14bn-\$16bn.

ISRAEL ANNEXES THE GOLAN HEIGHTS

Begin confronts Egypt with a final test

BY DAVID LENNON IN TEL AVIV

ISRAEL'S dramatic decision yesterday to annex the Syrian Golan Heights came as a total surprise to Israelis, including most of the Cabinet. The Government of Mr Menahem Begin has never hidden its desire to annex this Syrian territory, but earlier this year voted against an annexation bill, arguing that the time was not right.

But on emerging from hospital yesterday it appears the Premier decided the international situation was now appropriate for the extension of Israeli law to the occupied Syrian territory. The crisis in Poland, the collapse of the Arab summit in Fez, Egypt's involvement with regaining Sinai next April and the lack of any clear U.S. plan for Lebanon were among the elements which contributed to the timing of the announcement.

The Government, struggling with the opposition of Jewish settlers in Sinai to their evacuation next year when the area is due to be returned to Egypt, may find that yesterday's move strengthens its argument that dismantlement of the Sinai settlements is not a precedent for the other occupied territories.

The Cabinet is fully aware that a decision to extend Israeli law to the Golan, which is internationally recognised as Syrian territory, will prompt world-wide protest. However, it apparently believes that Western concern about th Polish situation will distract attention from the Israeli move.

U.S. and European condemnation is expected, as is Arab anger. But the real test, in Jerusalem's eyes, will be the reaction of Egypt.

Cairo is eagerly awaiting the final Israeli withdrawal from Sinai next April. Jerusalem believes that the Egyptians will not want to do anything which might endanger this process. But at the same time the Government is aware that the annexation of the Golan must pose a severe test for Egypt.

If the Egypt-Israeli peace agreement survives this challenge, Jerusalem will be assured that Egypt it totally and irrevocably committed to peace, no matter what.

Israel is not afraid of the reaction from Syria, especially after a weekend interview in which the Syrian President, Mr Hafez al Asad, said that his country would never recognise Israel, even in 100 years and even if the PLO did.

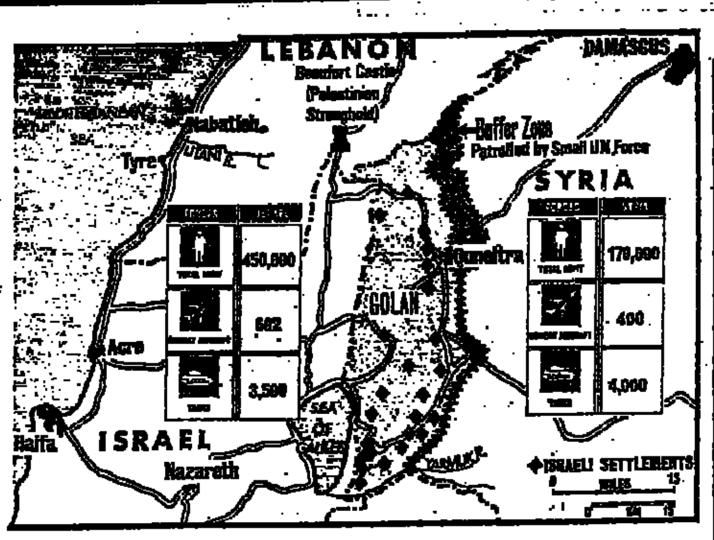
Militarily, Israel has little to fear from the Syrian army, which it feels it could defeat with ease. Any outbreak of hostilities might also be seized upon by Israel as an opportunity to take action in Lebanon.

This might be restricted simply to destroying the Syrian anti-aircraft missiles in eastern Lebanon or might be a wider operation, designed to remove Syrian forces from Lebanon altogether, destroy the PLO and possibly restore Christian sovereignty over all of Lebanon.

Following the recent visit to the region by Mr Philip Habib, the special U.S. envoy—who failed to make any progress on resolving the missile issue or the Lebanese situation in general—Israel also feels that there is little to be expected from the U.S.

The strategic and topographical importantce of the Heights can be appreciated by any visitor, who can see the whole of northern Israel and the Sea of Gaillilee from its western lip and the plain leading to Damascus from the eastern ceasefire line.

The Heights were captured by Israel during savage hand-to-hand fighting with Syrian soldiers in the 1967 war.



Israel is now annexing an area of Syria stretching over 40 miles from the Herman mountain range in the north and sloping down to the Yarmuk river just south of the Sea of Galilee. The Israeli-held area penetrates 15 miles into Syria at the widest point between the Israeli border and the current front line.

About 5,00 Israelis live in the more than 40 Jewish settlements built on the Golan, most of whose 100,000 Syrian inhabitants left during the 1967 war.

Cairo issues a speedy condemnation

BY CHARLES RICHARDS IN CAIRO

EGYPT'S Foreign Ministry quickly condemned Israel's decision to annex the Golan Heights but is unlikely to do anything to jeopardise the return of Sinai, due in April next year. The Israeli announcement came during an official visit to Cairo, by General Raphael Eitan, the Israeli Chief of Staff.

Yesterday's Egyptian statement said: "The announcement of the Israeli Government's decision to annex the Arab-occupied Golan Heights is a blatant violation of the framework for peace in the Middle East signed on September 7, 1979 and of Security Council resolutions on which the Camp David agreement was based.

"It is a blow directed at the peace efforts and it increases factors of tension in the area which Egypt is trying to remove to prepare the appropriate atmosphere to reach a comprehensive and just peace.

"Egypt also considers that this decision is contradictory to all charters and international agreements and it challenges international public opinion.

"Egypt, while announcing its absolute rejection of this measure as an illegal measure contradictory to the spirit of peace in the area which all the world looks forward to, calls on the international community represented in the United Nations to bear its responsibility towards peace especially while the General Assembly is discussing the Middle East crisis and calls on all peace-loving powers in Israel and the whole world to resist measures like this, which form a threat to the future of peace

U.S. officials express concern

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration declined public comment on the Israeli move yesterday but officials privately expressed surprise and concern. They were anxious that Syrian outrage at the annexation might lead to a renewal of fighting in Lebanon.

Some officials also feared that Israel might now be ready to break the Lebanon ceasefire arranged more than four months ago by Mr Philip Habib, the U.S. special envoy. There was no indication that the Administration had known of the annexation plan in advance.

AP reports from Damascus: Syria's Government-controlled media condemned the Israeli action as "reiterating the aggressive expansionist nature of Israel.

"This new aggressive expansionist move by the Zionist enemy is revenge on the Arab inhabitants of the Golan for their escalated resistance and struggle against enemy military occupation," the official news agency, Sana, said.

The agency and Syria's state radio also said the Israeli action was a retaliation for the refusal of the estimated 15,000 Arab Druze residents of the Heights to carry Israeli identity cards and their rejection of the application of Israeli law to their territory.

Jakarta's welcome for Sun angers Peking

By Tony Walker in Peking

CHINA has reacted angrily to reports that Indonesia recently welcomed Taiwan's Prime Minister, Sun Yuan-sun, to Jakarta.

The New China News Agency yesterday described "secret meetings" in Jakarata between Mr Sun and members of President Suharto's regime as a "grave development."

Relations between Indonesia and China were suspended in 1967 at the height of the Cultural Revolution when both the Indonesian embassy in Peking and the Chinese embassy in Jakarta were stormed by mobs. Relations between the two countries had been severely affected by the abortive communist coup in Indonesia in 1965.

It was reported last year that the two countries might be preparing to upgrade relations, but these reports proved premature.

Now it appears that Jakarta has decided the time is not ripe for normalisation to take place and there has been speculation that the Indonesians will not agree to an upgrading of relations with Peking until after parliamentary elections next year at the earliest.

Indonesia, like Malaysia, is critical of continuing Chinese support for Communist Parties operating as insurgency movements in Asia.

● The first session of the current round of Sino-Indian border talks ended in Peking yesterday with the Chinese saying they were conducted in an amicable atmosphere with both sides adopting a positive attitude.

No clue was given by a Chinese spokesman as to how much progress was made in the discussions aimed at resolving the long border dispute between the two countries. The spokesman did say, however, that the talks were "conducive to the further development of relations."

It has been agreed there should be a further round of discussions, presumably in New Delhi.

Reuter adds: Peking promoted several prominent former Nationalists yesterday. The Chinese People's Political Consultative Conference, a national advisory council, approved the appointment of two new vice-chairmen and 11 new standing committee members.

The promotions are clearly timed at advancing China's drive for reunification with Taiwan. The consultative conference has no power and always supports the Communist Party.

S. Korea's exports grow 21%

By Ann Charters in Seoul

SOUTH KOREA'S economy is expected to show growth of 7 per cent to 7.5 per cent in gross national product this year, according to recent figures issued by Mr Shin Byong-Hun, Deputy Prime Minister and Minister of Economic Planning.

The growth has been led by a bumper rice crop and exports valued at $21bn (£10.8bn), a 21 per cent increase over last year's performance and $500m above the target for the year.

The rate of inflation has been contained at 14 per cent, far below the Government's original goal of 20 per cent, as measured by the wholesale price index.

Signs of weakness in the recovery have been showing since September and October, however, with letter of credit arrivals, an indicator of future export performance, down about 10 per cent compared to the same months last year. Domestic investment has also not picked up as the Government had hoped. Mr Lee Seung-yun Minister of Finance, predicted last week that the economy should start picking up again in the second quarter of next year. Government spending on public works and more new homeowners' loans in the first quarter should stimulate the domestic construction industry.

The Minister also indicated that it might be difficult to reach economic targets next year given a lingering recession in world markets, especially in the U.S.

Commenting on the country's financial markets, Mr Lee said the ratio of loans made by foreign bank branches in South Korea was approaching 10 per cent of total loans, a level the Government would not like to seen increase, since the level is already higher than in other Asian countries.

India examines industry policies

By K. K. Sharma in New Delhi

THE INDIAN Government has begun an examination of its industrial and foreign trade policies. Changes in both are expected to be announced soon to improve investment and production in the private sector.

The study assumes increased importance because of the commitment to the International Monetary Fund that imports will be liberalised.

A special working group is concentrating both on procedural changes so that imports are not hindered unnecessarily and on the "banned" list of items, which is expected to be trimmed.

Bahrain arrests terrorist group 'trained in Iran'

BY MARY FRINGS IN BAHRAIN

SECURITY FORCES in Bahrain have arrested a group of terrorists alleged to have been trained in Iran. A protest has been handed to the Iranian Chargé d'Affaires in Bahrain who was summoned to the Foreign Ministry on Sunday.

The arrests, thought to number about 50, are believed to have started two weeks ago, but the increased security activity was masked by precautions surrounding the visits of two Heads of State, Chancellor Bruno Kreisky of Austria and King Juan Carlos of Spain.

A statement broadcast by Bahrain radio and television said the terrorists included several Bahrain citizens, Iranians and others from various Gulf States. They had been trained in Iran and were sent to Bahrain to carry out acts of sabotage.

Radio and other communications equipment was seized by police, and there are unconfirmed reports that arms and explosives were discovered in a house.

Prime targets are thought to have been the airport, the docks on which Bahrain is heavily dependent for food supplies, and the oil refineries. Attacks were also planned against senior officials in the Government, police and Defence Force, the broadcast said.

Gulf war front stabilised as winter rains break

BY PATRICK COCKBURN

IRAQ HAS lost 605 soldiers dead and 81 tanks destroyed in battles west of Susangerd in the southern Iranian oil province of Khuzestan but claims to have killed some 6,500 Iranian soldiers and destroyed 262 tanks. The figures were given in a Baghdad military communique yesterday.

There has been heavy fighting, much of it hand to hand, south of Bustan close to the Iraq-Iran border, according to diplomats. Early in the latest Iranian offensive, which started on November 29, Tehran announced that its forces had taken 1,300 prisoners but so far only 500 have arrived in the capital.

The front now seems to have stabilised in the south, but the Iranians have launched attacks in the mountains north of Khuzestan. They are apparently trying to take Qasr-e-Shirin, a border town which they lost in the early stages of the war.

The winter rains around Abadan and Ahwaz make it increasingly difficult for the Iraqis to manoeuvre their tanks and heavy weapons. This is to the advantage of the Iranians who, despite heavy losses, still have a superiority in infantry.

Tony Walker in Peking reports on the outcome of the British Trade Minister's visit

China 'nearer to N-power decision'

MR PETER REES, Britain's Trade Minister, believes China is moving towards a decision on a nuclear power station for Guangdong province, but arguments persist in the Chinese leadership over what form a nuclear programme should take.

Mr Rees, who met senior officials of the Ministries of Trade, Electric Power and Petroleum in Peking, said at the end of his visit that, while China had not ruled out hydro-electric power as an option in Guangdong, the disadvantages had been realised.

One of the attractions of the proposal by the Hong Kong utility, China Light and Power, for the construction of a nuclear power station in energy-starved Guangdong is that some of the costs could be defrayed by the sale of power to the British colony.

Mr Rees said the Chinese were "well aware" of the benefits of such a partnership and the disadvantages of a hydro-electric scheme under which there would be no surplus.

The British Minister said China had yet to complete a feasibility study of the Guangdong nuclear power station proposal.

Several foreign suppliers of nuclear technology, including British, U.S. and French companies, have had talks with China Light and Power and Chinese authorities about the possibility of participating in the constructon of a power station in Guangdong.

"Developed countries are using more and more nuclear power and China should do the same," he said, describing nuclear energy as one of the safest and cleanest energy sources.

Mr Rees, with perhaps a degree of understatement, said the Chinese market for Britain was not booming at the moment, but he was not able to give cumultive trade figures for this year because of the UK civil service strike.

The Trade Minister said he hoped for more activity in coal and port development involving British companies. He noted that the Chinese appeared to have "leaned a bit more heavily" on the Japanese and the French for advice in the development of their coal industry.

British exports to China in 1979 amounted to some $464m (£244m) on total trade of $762m.

Like other manufacturing countries in Europe, Britain's Chinese trade has been hit by the Chinese policy of readjustment which has swung emphasis away from big projects in heavy industry to renovating existing enterprises, particularly in light industry.

Mr Peter Rees: China has yet to complete a feasibility study of the Guangdong power station proposal

Why trade between UK and Israel is poised for boost

BY DAVID LENNON IN TEL AVIV

TRADE BETWEEN Britain and Israel, which is flourishing despite the strains in the political relationship, could be in for a major boost if a number of deals come to fruition.

Among the major deals being sought by Britain are the supply of coal-carrying ships, a potash transportation system and passenger buses.

Israel's decision to diversify its fuel sources by building two coal-fired power stations, and to investigate the possibilities of converting some industries from oil to coal has opened up a new market for British expertise, according to local UK officials.

Negotiations are currently under way over the construction by Harland and Wolf of bulk carriers for transporting the coal being purchased in the UK, South Africa, Australia and the U.S.

The ships are likely to be in the 120,000-160,000 tons range though no final Israeli decision has been made. One school of thought argues that it would be better to buy smaller and more flexible carriers which would avoid the problems of needing deep water harbours.

The ships will be needed by the mid-1980s because Israel is talking about importing some 8-10m tons of coal annually by the end of the decade.

Britain is also hoping to provide expertise on the conversion of industries from oil to coal. The Nesher Cement Company in Tel Aviv is seriously considering the switchover.

Israeli private industry has also been examining coal gasification, and there have already been several visits by Israelis to the UK to study this process.

Israel's Dead Sea potash works is another target of British commercial activity. It is considering the best way to transport the potash which currently has to be trucked to the railhead at Dimona. The two possibilities are to extend the rail line through difficult terrain, or to instal a cable belt system.

A British company, Cable Belt of Camberley, hopes to provide its system for a deal which could be worth up to $40m including all the ancillary equipment.

Also in the transport field BL is returning to the Israeli market after an absence of some years. The Mini Metro will be going on sale here in the new year and BL is also hoping to obtain part of the orders soon to be issued by the local public transport companies.

The Egged bus co-operative wants to buy at least 2,000 buses over the next five years to renew its fleet. The company has already made it clear it does not want to buy all the buses from one supplier, and Leyland is hoping to win part of this business.

The Israeli-UK Joint Committee on Trade met in Jerusalem recently and reported that the level of two-way trade has been maintained in the past two years despite the general economic situation, and foresaw good prospects for growth to the benefit of both parties.

Last year Britain exported £232m worth of goods to Israel and imported Israeli goods valued at £237m. These figures exclude diamonds.

U.S. takes a tougher stance on MFA negotiations

BY BRIJ KHINDARIA IN GENEVA

THE U.S. has toughened its position following new instructions from President Reagan in negotiations to renew the Multi Fibre Arrangement (MFA), which regulates world trade in textiles and clothing.

In a letter to U.S. Congress which was sent to Mr Peter Murphy, the chief textile negotiator, in Geneva, the President says the Administration "will make every effort to conclude an MFA that will allow the U.S. to relate total import growth to growth in the domestic textile and apparel market."

The U.S. toughness brings it closer to the EEC, which is seek- to reduce growth in imports from developing countries to less than 1 per cent a year.

Since consumption growth in the U.S. is also only 1 per cent a year the instructions oblige Mr Murphy to hold imports to below that rate.

Despondency has settled over the negotiations as a result and further reduced chances of conclusion by the extended December 23 deadline.

Failure to reach a new MFA will open a hornet's nest of problems undermining the credibility as a world trade watchdog of the General Agreement on Tariffs and Trade (Gatt), trade officials say.

Gatt does not allow application of import curbs selectively to individual suppliers of certain sensitive textile and clothing products.

Such selectivity cannot be exercised in the absence of an MFA without rewriting Gatt's Article 19 concerning safeguard measures used to protect domestic industry.

But negotiations to change that Article have been deadlocked since 1976 and are now on the top of the list of items to be discussed at next year's ministerial conference of Gatt members.

While a deadlocked MFA will create uncertainties for textile and clothing industries in both importing and exporting countries, lapsing of the accord will not be critical because trade in textiles will continue to be undertaken under bilateral arrangements between countries. The current four-year MFA will expire at the end of the year.

● Japan is preparing to appeal to Gatt over U.S. restraints on the import of partially built light trucks from Japan. It would be the first time Japan has asked the organisation to settle an international trade dispute.

Beecham signs agreement with Sunstar

By Gareth Griffiths

BEECHAM, the pharmaceuticals and consumer products group, has signed a licensing agreement with the Sunstar consumer group in Japan to allow Sunstar to produce Aquafresh toothpaste.

Sunstar has spent £2m on equipment for producing Aquafresh at a plant in Osaka. Beecham will be paid on a royalty basis and has put no money into the project although it has helped with marketing and production.

Beecham believes that Aquafresh wil capture up to 10 per cent of the Japanese toothpaste market during the next three years. The Japanese are the second largest group of toothpaste consumers in the world, spending about £120m a year at manufacturers' prices.

Aquafresh has been on sale in Japan since August with the emphasis on marketing geared to the Tokyo and Osaka regions.

The move for the licensing agreement came from Sunstar and although Beecham has a Japanese pharmaceuticals subsidiary, Beecham Yakhuhin KK, the company felt that it would be easier to launch the product through a major group with good connections in Japan.

Beecham sells Aquafresh in some 30 countries and the brand has done well in the U.S., the world's most important toothpaste market. It was launched in the U.S. in 1979 and now accounts for some 14 per cent of the total $600m U.S. toothpaste market in the top three best-selling brands.

Spinning and weaving output shows fall

OUTPUT IN the spinning and weaving sectors of the textile industry has fallen below levels of earlier in the year for almost three-quarters of the 23 main producing countries, writes Nick Garnett, Northern Correspondent.

The International Textile Manufacturers' Federation state of trade report shows that the principal exceptions are India and Taiwan—with yarn and fabric output above levels of the second quarter — and the U.S. with increased yarn output.

Japan's steelmakers take advantage of higher prices

BY RICHARD C. HANSON IN TOKYO

JAPANESE steelmakers are riding out the worst slump in export volume in six years by taking advantage of higher prices and by making the most of strong demand for high value-added products such as seamless pipe.

The steel industry is suffering its fifth year of shrinking export volume. From a record of 37m tonnes reached in 1976, shipments have dropped to an estimated 28.9m tonnes this year, down more than 5 per cent from 1980.

Total crude steel production this year in Japan will fall about 10m tonnes short of last year's 111.4m tonnes partly as a result of fiercer competition for export markets.

The industry also faces growing—though small—penetration of the sluggish home market by ambitious foreign producers like neighbouring South Korea.

Next year the industry expects export volume to drop further to below 28m tonnes. This estimate is based on economic indicators in Japan and elsewhere.

The alarming fall in export volume has been more than compensated for by higher prices. As has been true in each year of lower volume since 1976, the value of shipments this year appears to have risen reasonably fast.

From an average of $524 per tonne for exports in 1980, export prices have gained by about 12 per cent to a current level of around $590 (£310) per tonne—having peaked in September at about $600.

The price increase is largely the result of soaring demand for expensive seamless pipe, used in oil and gas exploration. It also reflects greater emphasis on high value-added products such as surface treated sheets.

In 1980, when volume of exports fell, the value was up 8.8 per cent to $16bn. The average price increase experienced in 1980 was similar to this year. Customs clearance trade figures available for April-September indicate that steel export volume shrank 3.5 per cent while the value rose 6.8 per cent over the comparable year earlier six months to $8.4bn.

Partly because prices have risen consistently and demand for new products remains strong, the Japanese industry is relaxed about the growth in competition from other developing countries.

Imports this year from January to October reached 1.23m tonnes compared with 1.17m tonnes for all 1980. While this only amounts to just over 1 per cent of Japan's production, South Korea, with 955,000 tonnes of the total so far this year, has been particularly successful in boosting exports of hot coils for pipes and sheets to Japan.

Hot coil imports from South Korea jumped five-fold over 1980 to 385,000 tonnes in the first 10 months mostly by undercutting Japanese prices by as much as $20 per tonne.

● Japanese steelmakers are putting off their selection of new iron ore supply sources in Australia amid signs of deepening recession and continued falling steel production. They were to complete the selection of either the West Angela or Goldsworthy C area mines, or both, by the end of this year.

Soon after they became committed last spring to taking delivery of 10m tons of iron ore from Brazil's Carajas mine annually over 15 years, beginning in 1985, the steel producers began evaluating Australian proposals for new iron ore mining projects.

The Japanese were trying to obtain assurances on increased supplies to fill an anticipated shortfall in supply in 1985.

But a slowing of steel production is seen as inevitable and the companies are modifying their projected iron ore needs.

The demand was based on projections for crude steel production estimated some time ago at 125m tons for 1985.

Mr Charles Court, Western Australia's Premier, visited Tokyo last week to try to obtain clear Japanese commitments on increased purchases of iron ore from his state, but was unsuccessful.

He indicated that his state Government hopes the Japanese will select as a new supply source the mine in the Goldsworthy C area which he said has been a prime mover in the state's mining industry.

Lucas seeks to cut auto-supply range

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LUCAS INDUSTRIES is seeking a major rationalisation of electrical components supplied to the automotive industry, Mr Godfrey Messervy, the chairman indicated yesterday.

There was a need to reduce "dramatically" the product range — probably by a factor of ten — to gain the benefits of economies of scale and remain competitive in world markets.

Mr Messervy said in Birmingham that so far the company had enjoyed a positive response from car assemblers in Western Europe.

UK components suppliers, concerned at the erosion of the home assembly industry, were anxious to seek volume. Similarly, European assemblers were more prepared to accept rationalisation, and common components and fittings, in pursuit of lower prices.

Car assemblers in Western Europe are thought to have indicated to suppliers that they are prepared to continue buying from local sources, provided they can get within 20 per cent of Japanese prices.

Such a premium is regarded as acceptable in return for the benefits of short lines of communication, reliability of supply, and the back-up facilities.

Mr Messervy stressed at the annual meeting in Birmingham yesterday the need to improve efficiency and introduce new products, processes and methods.

The company had spent £65m on research and development in the financial year to July 1981. Investment in plant and equipment had totalled £55m in the UK and £24m overseas.

"Given a more profitable trend in our business we shall spend still more in both these areas," he said.

"Above all we are planning to attain a level of productivity and cost effectiveness which will enable us to make further market pentration."

Looking to the future, Mr Messervy said the present difficult trading conditions were likely to continue for most of the next year, with a possible improvement emerging in some overseas markets.

International competition would remain severe, but the company had taken measures to become efficient, and those benefits would continue to emerge.

Mr Messervy said: "Above all, we have to be ready to take advantage of increased market demand when it returns."

He thought the present weak demand for vehicles and tractors would continue during the rest of the company's financial year to next July.

The company had nevertheless improved market penetration against the trend.

Mr Messervy pointed to success in the U.S. in supplying diesel engine equipment. He expected further growth in sales for new business in all automotive operations.

He expected demand from the world aerospace industry to weaken marginally and could see a levelling out of sales. The call for new civil aircraft would lessen, but he expected supplies of military aircraft to be maintained.

CEGB's 'supergrid' stands up to blizzard power load

By James McDonald

WITH MOST of Britain yesterday still suffering bad weather — floods in the south west after the sudden thaw and continuing cold weather in the north — the Central Electricity Generating Board has claimed success for its "supergrid" system.

The CEGB said yesterday that its national electricity grid system had met nearly all demands that the Sunday blizzards imposed. Despite, more than 400 short circuits caused by the "worst combination of wet snow and stormy winds since 1962," only 3 per cent of consumers had electricity cuts.

Despite the CEGB's good national record of meeting peak loads on Sunday, engineers in the West Country were yesterday restoring power supplies to thousands of people who suffered cuts on Sunday.

A South Western Electricity Board spokesman said: "As many as 32,000 people in Somerset are still without electricity and some may not get it back today."

There was also a peak demand on gas supplies in the south and south east. North Thames Gas Board sent out a record 9.35m therms.

Floods after the thaw drowned hundreds of sheep in the West Country.

The Queen was also a victim of Sunday's blizzards in the south. She had to spend several hours in a hotel when her car was held up by drifting snow.

● British Rail's new Advanced Passenger Train arrived in London three hours later yesterday. But this time officials blamed the weather. The train was on a trial run without passengers.

Commodities, Page 37

Mail keeps moving despite weather

Christmas mail is generally getting through despite the weather havoc, the Post Office said yesterday.

The latest recommended posting dates for inland items were Thursday December 17, for second class letters and cards as well as parcels, and Saturday, December 19, for first-class mail.

But with road and rail transport severely disrupted the Post Office urged customers to post earlier.

Cheap rate call period is extended

British Telecom will again extend its cheap rate call period at Christmas and the New Year.

Inland cheap rate calls can be dialled direct or through the operator from 6 pm Christmas Eve until 8 am December 28, and the New Year cheap rate extends from 6 pm December 31 to 8 am January 4.

For international direct dialled calls cheap rate over most routes will be from 8 pm on December 24 to 8 am on December 28, and from 8 pm on December 31 to 8 am on January 4.

Former chairman of PA dies

A FORMER chairman of the Press Association, Mr William Morrell, has died in London aged 67, after a short illness.

Mr Morrell spent most of his working life with the Westminster Press newspaper group, becoming managing director and later vice-chairman. He was chairman of the PA from 1971 to 1972.

Sterile dressings 'contaminated'

SOME IMPORTED sterile dressings used in office and home first-aid kits are contaminated, the Department of Health warned yesterday.

A spokesman said the public should destroy the dressings, labelled Standard Dressing BPC or BP with a number, which do not carry a brand name or the name of the manufacturer. They are non-adhesive and used as absorbent wound dressings.

The number of contaminated dressings is still not known but it could be quite large. They were imported from India.

Farming research jobs will go

TWO FARMING research centres will be closed with the loss of 250 science and support jobs, it was disclosed yesterday.

They are the Animal Breeding Research Organisation, Edinburgh, with 150 jobs affected, and the Long Ashton Research Station, Bristol, where 100 jobs will go.

The Institution of Professional Civil Servants said that important research programmes were threatened. The plan to shut down almost all facilities at the stations by 1984 would have £3m out of the council's £84m budget.

Appeal Court asked to rule on 'safe ports'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

CHARTERERS of vessels trapped by the Iraq-Iran war face a double financial liability because of a Commercial Court judge's ruling, the Court of Appeal was told yesterday.

Not only must they pay additional war risk insurance premiums, they can also be held responsible for the cost of sending a vessel to a safe port if the port it is in should become unsafe after it has arrived.

That ruling by Mr Justice Goff had caused "something of a stir" in the City, Mr Nicholas Phillips, QC, said.

Mr Phillips was opening an appeal by Empressa Cubana de Fletes, a Cuban state organisation which chartered the vessel Evia from Kodros Shipping Corporation, of Monrovia.

The Evia is one of 60 vessels trapped in the Shatt-al-Arab waterway.

Mr Phillips said the safe port issue made it one of the more important shipping cases to have come before the courts.

Mr Justice Goff had agreed with an arbitrator that Evia's charterparty had been frustrated by the war on October 4, 1980. The frustration issue, however, had been dwarfed by that relating to safe ports.

Kodros had argued that, if there had been frustration, it had been self-induced by Empresa, which had taken Evia to an unsafe port—Basra.

The charterparty provided that the vessel should be employed between safe ports. The question was: if a port were safe when a vessel entered, did the clause plunge the charterer into breach if war broke out and made it unsafe?

The charterparty also contained a standard clause that a charterer could send a vessel into a war risk zone only with the owner's concent. If consent were given, the charterer had to pay extra insurance premiums.

The arbitrator held that because Kodros had agreed the ship could enter a war risk zone, it could not contend Empresa was in breach of the safe ports clause.

Mr Justice Goff disagreed. He ruled that under the clause a charterer warranted that the port to which he ordered a vessel would remain safe while the vessel was there.

The obligation was not simply to oblige the charterer to ensure his choice of port were safe; it was about on whom the risk fell while the ship was there.

If Mr Justice Goff were right, said Mr Phillips, the charterers would be paying the premiums and meeting the risk.

The case continues today. It is expected to last several days, with judgment being given after Christmas.

Rank in High Court fight against GLC 'pleasure tax'

THE Greater London Council was accused in the High Court yesterday of "bureaucratic unreasonableness" and of levying an illegal tax on the city's pleasure industry.

The attack came from the Rank Organisation, which is challengig the council's right to make what it says are "enormous charges" for the granting of music and dancing licences.

Rank cited the case of one of London's most famous cinemas, the Odeon, Leicester Square, where the charge has risen from £5 in 1974 to £3,750 this year—and is expected to rise to £4,314 next year.

Rank is asking Lord Justice Watkins and Mr Justice Glidewell for a declaration that the council has acted in an arbitrary and unreasonable way when fixing charges over a number of years, contrary to natural justice.

The company is also demanding that the GLC refunds licence fees in excess of what the court decides is a reasonable figure.

Mr Jarlath Finney, counsel for Rank, told the judges the action was an attack not only on the present Labour-controlled administration at County Hall, but also on the previous Conservative-controlled council.

"It is a criticism of the bureaucratic unreasonableness of both regimes, irrespective of the change."

He said the charges had increased enormously since 1974, when the upper legal limit was £5 under the 1963 London Government Act.

This was amended by the Local Government Act, 1974, *when the words imposing the* maximum charge were repealed, leaving licensees to pay "such fee as the council think fit."

Mr Finney argued the council did not have an unfettered right, to charge what it liked, but must act reasonably, which it had failed to do.

He gave two other Rank-owned premises in London's West End as examples of soaring charges: the Sundown Disco, now called "Buzby's," in Charing Cross Road, where the £5 charged in 1974 had risen to £1,500 this year and was expected to rise to £1,728 next year; and the Royal Lancaster Hotel, Westbourne Street—now £5,250 and expected to be £6,036 next year.

Mr Finney said no other licensing authority charged more than £80, and many charged substantially less.

The GLC was levying a tax without the authority of Parliament, he said.

Later Mr Finney withdrew his claim for a refund after the judges pointed out that, sitting in the Queen's Bench Divisional Court, they had limited jurisdiction. He indicated that the matter would be pursued in another court if the judges granted the declaration sought.

Mr Charles George, for the GLC, said it was an unusual case. He compared it with the council's court battle over its public transport "Fair's fare" policy, now awaiting a final decision in the House of Lords.

"There it was alleged the council had insufficient regard for the ratepayers. Here it is exactly the opposite."

It showed the very difficult position local authorities were put in when carrying out their duties.

The case continues today.

Return to selection of pupils sought

A RETURN to pupil selection and the introduction of specialist high schools were urged yesterday as the best way to help bright children in the inner city areas.

The proposal was made—in a Conservative Political Centre publication blaming the influence of left-wing teachers for today's hooliganism and violence.

Mr Brian Cox, professor of English literature at Manchester University, its author, became known in the 1970s as the co-editor of the five Black Paper on Education.

Now he warns that the situation in inner city schools is desperate and that teachers need help.

The Conservatives had supported comprehensive because they believed they would raise academic standards and provide better opportunities for working-class children, he said.

Although there were some excellent comprehensives, in many cases the new system had become a means of introducing egalitarianism.

There had also been a "design" fault, claimed Prof Cox. Comprehensives in poor neighbourhoods were often unable to provide adequate teaching, particularly at sixth-form level.

The progressive comprehensive had proved harmful to the able, working-class child.

Prof Cox said that while left-wingers had insisted for years that selection involved failure and was morally indefensible, the exact opposite was the truth.

Failure was an inevitable part of adult life, and children must learn to assess their own weaknesses and strengths. Selection did not mean a return to the 11-plus, he said.

"Any realistic solution must include some element of selection. In inner cities we need a new kind of specialist high school.

"This school would select a few high-flyers at 11 or 12, but standards would be so demanding that no child need feel humiliated by failure to be chosen."

Other able children would attend the local comprehensive most of the time, but would visit the specialist school for a few hours a week for advance *instruction not possible in their* own school.

Some very able children might transfer permanently to the school at 13 and many more at 16. The specialist schools would have a first class sixth-form.

Education: The Next Decade, Conservative Political Centre, £1.

Private steel-makers win point of principle with aid package

Alan Pike looks at the details of the Government's assistance to a hard pressed industry

PRIVATE STEEL producers have won at least a point of principle from yesterday's announcement by Mr Patrick Jenkin, Industry Secretary, that up to £22m of public aid will be available to the industry between now and 1984.

The private sector has become increasingly furious that, unlike the position in other subsidised European steel industries, the British Government has provided huge amounts of aid to the nationalised British Steel Corporation while offering nothing to private producers.

Yesterday's announcement included an admission by Mr Jenkin that the British Independent Steel Producers Association had made a "powerful case" — but some of the association's members will be disappointed by the scale of the Government's reaction measured in hard cash terms.

The maximum of £22m earmarked for private steel compares with almost £5bn made available to the corporation since 1975.

The Government's aid package will be made available under Section 8 of the 1972 Industry Act. It will—essentially in view of EEC decisions earlier this year on the control and eventual elimination of steel subsidies—be provided in connection with rationalisation and restructuring projects, and will help companies meet redundancy costs.

Details of the proposed assistance are:

● **Redudancies.** The Redundancy Fund already provides 41 per cent of a company's costs in meeting statutory redundancy requirement.

Under the steel scheme the Department of Industry is prepared to increase this to 85 per cent. A contribution limited to £500 per person or 85 per cent of an employer's costs would also be made towards ex-gratia non-statutory severance payments.

Redundancy costs have been a major area of concern for private steelmakers. Recent steel corporation closures have set a very high level of expectations on redundancy pay among steel workers. The Government scheme is unlikely to enable the private sector to equal the more generous steel corporation payments but it will take them closer to it.

● **Restructuring and rationalisation** 25 per cent of eligible project costs would be met by grant.

● **Voluntary levy schemes.** If a particular sector of the private steel industry chose to reduce capacity by way of a voluntary levy scheme the costs of closure could be assisted by a 25 per cent grant.

No possible contenders for the proposed assistance were announced in yesterday's Government statement. An obvious candidate for aid under the voluntary levy proposal is, however, the steel castings industry.

Lazards, the merchant bank, is trying to put together a scheme under which companies which agreed to close would receive compensation from those remaining in business. This scheme could qualify for Government aid in addition to the £22m package announced yesterday.

Another likely contender for the aid package is the much-troubled special steels industry.

The British special steels industry has faced increasing pressure in recent years — imports have risen from 13 per cent in 1971 to more than half of all the high speed, tool and stainless steels used in Britain today.

These problems culminated in a Bank of England-supported inquiry undertaken by Professor Sir Frederick Warner, a chemical and mechanical engineer and president of the British Standards Institution, earlier this year.

The Warner report provided the framework around which the discussions leading to yesterday's announcement have taken place. He proposed that the industry's existing 80,000 tonnes capacity should be approximately halved, that the British Steel Corporation should become the single major producer for stainless steel billets — which it would supply to the private sector — and that the private sector should consider organising itself into a single major producer of tool and high speed billet.

All applications for aid must be made by September, 1982, and payments will cease by December, 1984.

Government links with industry 'need repair'

By Mark Meredith in Edinburgh

MR PETER BALFOUR, chairman of the Scottish Council, Development and Industry, said yesterday that the relationship between Government and industry was in need of repair.

His statement formed part of the annual report of the independent Scottish Council, which is marking its jubilee year. The council was set up in 1931 and was a pioneer in creating an industrial strategy for Scotland.

Mr Balfour said that much of the council's work was in the area of self help for industry, encouraging it to adjust and adapt to change.

"Many specific areas of interaction between Government and industry require attention, but it is the general relationship between the two which is most in need of repair."

Recently Cabinet Ministers had made a virtue of the absence of an industrial policy, he said. This attitude hindered industrial progress and obstructed the Government's own political and economic objectives.

"Government can no more lack an industrial policy than a defence or a foreign policy.

"An unambiguous statement of industrial objectives which fall far short of a detailed interventionalist strategy and which is common in our competitor countries abroad would do much to create the conditions necessary to revitalise the whole economy.

He praised the Government's efforts in encouraging smaller businesses.

The council has found its various operations to encourage industry and trade taken over by official and semi-official mechanisms of the Scottish Office, the Scottish Economic Planning Department and the Scottish Development Agency.

In the past two years staff has been reduced from 59 to 34. There has been criticism that the organisation has outlived its usefulness.

The council organises an annual international forum attracting leading figures from industry for a weekend of informal discussion on specific topical issues.

Other of its activities include organising trade missions and business conferences, forming lobby groups and submitting papers on relative issues.

Stockbrokers' commission sharing under scrutiny

BY CHRISTINE MOIR

THE Stock Exchange Council will debate tomorrow the sensitive issue of how much of a stockbroker's commission should be shared with outside investment managers and agents, such as clearing banks and merchant banks which bring deals to brokers on behalf of investors.

The outcome of the debate will allow final adjustments to be made to the review of commissions which the exchange intends to publish after Christmas as a discussion paper.

The council has already devoted three sessions to the review, which will revise stockbrokers' rates for the first time since 1975.

Wednesday's decision on commission sharing could alter the details of the basic rates already agreed at the previous sessions, but it seems certain overall charges for gilts dealing will be slightly reduced while commissions on equities could rise by about 8 per cent.

Within the totals the major changes will come in large gilts switching operations, where brokers may be prepared to waive commissions on one half of the operation, and at the small end of equities dealing.

The commissions review will break new ground by revealing the income levels of stockbrokers who are thought to have an average annual income of £34,000.

BAA publishes details of Terminal 4

By Lynton McLain

Detailed plans for the £180m Terminal 4 at Heathrow Airport were published yesterday by the British Airports Authority.

The airport has a capacity to handle 30m passengers a year. Last year the total came to more than 27m and without the extra terminal Heathrow would be saturated by the late 1980s.

Terminal 4 will add a capacity of 8m passengers a year and will cater for 2,000 air travellers each hour.

Space, speed, simplicity and service are the aims of the authority in designing the new terminal.

U.S. 1982 budget deficit of \$85bn-\$90bn forecast

THE U.S. budget defict will be between \$85bn (£44bn) and \$90bn in fiscal 1982 but additional borrowings by government agencies will bring total net marketable borrowings by the U.S. Government to between \$105bn and \$115bn, according to Dr Henry Kaufman, chief economist at Salomon Brothers.

Dr Kaufman made this prediction at a conference on world banking sponsored by the Financial Times and The Banker yesterday in London.

He said the U.S. bond market's rally was at least 75 per cent over. Several weeks ago he said the rally was two-thirds over. One more rally in bonds was possible in the early part of the new year but this would require signs that the U.S. economy would remain in recession in late 1982.

Despite this projection, Dr Kaufman said the U.S. recession "will probably come to a halt in the spring of 1982." The housing and automotive sectors were already "bottoming out" and inventories were not in as critical a situation as in 1974.

The U.S. inflation rate next year would be 8 per cent to 9 per cent, but this would not suggest a cyclical reversal. The slide in the inflation rate was occurring against a backdrop of declining demand in the industrialised world and U.S. economic recovery would be much below average.

Dr Kaufman also predicted a conflict between U.S. fiscal and monetary policies and noted that it was becoming increasingly difficult to define money supply through the M1-B statistical measure.

Interest rates next year would continue to be volatile, but a key factor in the outlook for rates would be the reaction of the Federal Reserve to an expected increase in U.S. money supply in the first half of next year.

If the Fed followed a strict monetarist approach, short-term rates could rise, thus endangering the American bond market and in turn U.S. corporate activity.

A clue to the Fed's stance next year would come in the next month or so, when President Reagan would appoint a new vice-chairman for the Fed.

William Hall and **Alan Friedman** report the main speeches by economic experts

Europe urged to adapt to a changing world

FINANCIAL TIMES
WORLD BANKING
CONFERENCE

WE ARE NOT facing a short-term economic crisis, but going through a lengthy phase of adaptation to a new system of international relations.

That is the opinion of former French Prime Minister, M Raymond Barre, whose speech to the World Banking Conference urged government to explain this to their countries.

Bad weather prevented M Barre attending the conference, but his speech was circulated to delegates.

He said many European countries had reached a turning point and asked whether public opinion would accept the effort and discipline necessary for adapting to a changing world or chose a way leading to economic decline and political weakness.

M Barre said he didn't defend an artificial monetary stability but was convinced it was possible (while taking account of underlying trends in costs and prices) to eliminate excessive fluctuations of exchange rates by combining interest rate policy and central bank intervention.

"I disagree with any form of benign neglect in the monetary field," he said. He welcomed the recent concerted action of the main central banks in order to cut interest rates.

He said he hoped a collective management of exchange rates will be implemented by monetary authorities of the industrialised countries.

Lord Harold Lever said: "The leaders of the great nations continue to evade their duty to co-operate to create the more orderly international monetary system which they all recognised as urgent over 10 years ago.

"Monuments to their neglect are to be seen all around: yoyoing parities which feed inflation and high interest rates and increasingly make our great currencies look more like gambling counters than stable means of trade and investment.

"This disorderly and leaderless world monetary scene has brought upon us devastating levels of unemployment, offers further damage to the world trading system of rich and poor countries alike, and threatens the stability of the world's banking system. This catalogue of injury and danger must not be allowed to continue."

He called for a return to a system of co-operation to help stabilise currencies. The financing of the inevitable deficits of the weaker countries must be put on a more rational and sustainable basis.

Lord Lever said there was a need to establish an international bank which would be the central bank for central bankers and would work in co-operation with bodies such as the International Monetary Fund and the World Bank.

This new institution would give a lead in exchange rate policies by creating target exchange rate zones. The bank would also arrange to support deficit financing programmes.

Lord Lever said: "We have to recognise the enormous weight of chronic deficit country financing which requires that the banking system must have greater support."

Leon Brittan, Chief Secretary to the UK Treasury, spoke of the deep structural, social and psychological difficulties facing Britain today.

These included an unwillingness to adapt; too much attention to old products and not enough to new ones, the albatross of the public sector, and a trade union movement which was over-politicised.

Its leadership was too weak to deliver the goods on the shop floor but was too strong in using its legal privileges against government policies.

He said the Government's policies were at last starting to pay dividends.

Harry Taylor, vice chairman of Manufacturers Hanover Corporation, spoke on bank regulation. He said regulation of banks is necessary and desirable and recent talk of de-regulation was misguided.

Sale of Avar treasures attracts little interest

SALEROOM

By ANTONY THORNCROFT

ONLY THREE of 16 lots of a hoard of Avar treasure, from about 700 AD, found buyers at a Sotheby's sale yesterday. Two of them comprised silver Byzantine plates of proven authenticity.

The Avars were an obscure tribe from the East, which terrorised Europe for a couple of centuries. They eventually settled in Hungary—but Hungarian buyers were not present at the sale.

The disappointing results were partly due to doubts about the authenticity of the treasure—although Sotheby's had the 122 items tested by the carbon 14 system at Harewell. There were also high reserves imposed by the mysterious Dutch vendor. And the Avars proved too esoteric even for the major museums.

After the auction, however, approaches were made to Sotheby's which expects to sell some of the items in the next few months.

The German museums tend to be short of cash at this time of year, and the Metropolitan Museum in New York already has certain Avar pieces. So the successful bids came from private dealers.

A small Avar strap retainer, 3 cm high, fashioned in gold and silver, went to France for £2,800. Two 7th century Byzantine plates sold for £12,000 and £24,000.

There were bids in the room up to £100,000 but none high enough to meet the reserves placed on the main items. The sale illustrates the unwillingness of museums to invest limited resources in material which lacks great popular appeal.

● In the Sothebys antiquities sale, an Imperial Roman bronze male head of about 100 AD sold for £110,000, plus the 10 per cent buyer's premium, to a Swedish foundation which intends to present it to the Mediterranean Museum in Stockholm.

● A record price of £20,000 was paid at Phillips yesterday for a painting by the 19th century artist Edward Cooke. It is a seascape and signed Van Kook, an example of the artist's sense of humour. A picnic in the Malvern Hills, painted in 1858 by Frederick Keyl, sold for £8,500.

Robot technology deal

THE 600 GROUP has signed a ten-year agreement with Fujitsu Fanuc giving it access to the Japanese electronic group's robot building technology and enabling it to build its entire range of robots in Britain.

It will strengthen the robot manufacturing base in this country after an agreement on high technology between the British and Japanese Governments in April by Mr Kenneth Baker, Minister for Information Technology, and the Japanese International Trade Minister.

The agreement between the two companies covers the manufacture and distribution of Fanuc robots in the UK and Irish Republic. The 600 Group will export robots incorporated into numerically controlled machine tools in this country.

Fujitsu Fanuc is among the world's leading manufacturers of robots and machine tool controls. Fanuc robots are widely used in industry for applications including machine tool loading, assembly work and spray painting.

Petrol price war wipes out latest crude rise

BY MARTIN DICKSON, ENERGY CORRESPONDENT

PETROL PRICE rises a month ago by the leading oil companies have been completely wiped out by fierce competition at the pump.

But companies said yesterday that the recently falling value of the pound against the dollar could mean a halt to price-cutting.

They added that the package of price cuts announced last Friday by the Organisation of Petroleum Exporting Countries was likely to have only a marginal effect on price of UK oil products.

The effect of the Opec agreement will not become completely clear until it is known if it will be followed by changes in price of North Sea oil, which accounts for about half British refinery throughput.

The British National Oil Corporation, North Sea price leader, was still analysing details yesterday of the Opec agreement in Abu Dhabi, which mainly involved heavy crudes rather than the light ones produced from the North Sea.

Although little or no change in North Sea prices appears likely, much will depend on the levels set by three Opec African members, Algeria, Libya and Nigeria, which produce sweet crudes similar to that in the North Sea.

Unconfirmed reports suggested that Nigeria would keep its price at \$36.50 a barrel, the same as North Sea crude, while Algeria and Libya might trim their price of \$37.50.

Whatever the outcome, at least one large UK company indicated yesterday that it would call for a reduction in North Sea prices and a change in differentials between grades.

Meanwhile, companies confirmed yesterday that the price rises they announced in early November of up to 4p a gallon had been obliterated by increased price support to dealers or discounting on wholesale prices.

The average pump price of a gallon of four-star is down to about 166p.

In the past two weeks Britain's joint market leaders, Shell and Esso, have introduced special discounts of about 3p a gallon for many dealers in rural areas.

This has reduced the wide gap which had emerged between prices in some country areas and urban areas where dealer support has been most intense.

The appreciation of the pound against the dollar, in which crude oil is priced, has helped this price cutting.

Things that whirr in the night in an innocent looking suburban semi

Martin Dickson takes a look at BP's experiment with home energy conservation equipment

SOMETHING VERY odd is going on at 104 Chertsey Road, Sunbury-on-Thames. Nobody lives in this unprepossessing west London suburban semi but lights flash on and off day and night while heaters whirr into action and fall silent again.

It is not the work of a hyperactive poltergeist but of British Petroleum, which is using the house for a study of energy saving in the home — an investigation which could have implications for 70 per cent of houses.

BP has filled the house, and the one next to it, with a range of commercially available conservation devices. It will run tests in the next two years to see how effective these systems are and how well they combine.

As the houses are unoccupied the heat given out by human bodies and by activities such as cooking has to be simulated — hence the lights coming on and off. The heat given out by a 100 watt bulb is the same as that produced by someone sitting in a room reading.

To simulate a bout of strenuous exercise six 100 watt bulbs start glaring. Heaters are used for make-believe cooking.

The unique nature of the exercise is that it is being conducted in ordinary inter-war houses—similar to millions of homes up and down the country.

UK research organisations have examined exhaustively the best conservation equipment to put into new homes. But, this is the first time anyone has taken a thorough look at the effectiveness of retrofitting—the addition of energy saving devices to existing homes.

BP estimates that about 30 per cent of Britain's energy is used in the country's 20m homes and that about 70 per cent of these could do with some retrofitting.

Dr Paul Freund, the leader of the BP project, said: "UK housing is being augmented at less than 1 per cent a year so existing buildings are going to continue to dominate the market for energy conservation."

For BP its experiments are a question of enlightened self-interest. As a giant, diversified energy group it needs to have the best possible knowledge of the energy requirements of the domestic market, and a strong involvement in conservation helps its public image. The findings can be of direct commercial value as the group is involved in selling conservation equipment in several countries.

Its UK subsidiary Rockwool makes insulation material, Amari makes double glazing and Lucas-BP Solar Systems is involved in photovoltaics.

In Greece, a BP subsidiary is the market leader in solar heating systems, and in Denmark the company is involved in heat pumps. All these activities are a financial fleabite compared with the company's oil interests, but they are a useful growth area.

The two experimental houses, which are conveniently situated next door to BP's big Sunbury-on-Thames research centre, have been set up to achieve equal energy savings using different devices, with widely varying financial implications for the home-owner.

Both have been equipped with the most commonly used conservation devices—the ones with a very short payback period. These include loft insulation, draughtproofing and the placing of reflective foil behind radiators on outside walls.

In addition to this basic equipment one of the homes has been fitted with devices having a medium payback period and the other with more expensive long payback equipment.

Wall insulation is an example. The two houses have solid walls—as do half the houses in Britain—which means cavity wall insulation is impossible. There are, however, two alternatives—insulating the internal or external walls of the house.

It is cheaper to treat internal walls so BP has used this method in the medium term payback house. Phenolic foam and plasterboard laminate sheets have been stuck from floor to ceiling on the inside surface of all exterior walls, making the house into a sort of lined box.

The cost to BP was £1,700, compared with £2,500 for the exterior insulation used in the other house. This involved cladding the outside walls with polystyrene sheeting, which was covered with rendering for protection and then with a decorative finish.

Other devices used in one or both homes include double glazing, energy saving flourescent lamps, solar roof panels, heat pumps and heat exchangers.

"We would not expect many households to use all these measures, but we would hope all householders would use some of them," said Dr Freund.

Since nearly all the equipment being used is already commercially available, BP will not be breaking new technological ground. So just what will the company be getting out of its tests?

The experiment will show how various pieces of equipment perform in existing homes and how they interact.

Key role for coal in Welsh energy plan

BY ROBIN REEVES, WELSH CORRESPONDENT

AN ENERGY plan for Wales giving a key role to coal and small-scale hydro-electrical developments, was launched yesterday by the Welsh nationalist party, Plaid Cymru.

The party argues that there is a gross imbalance in the share of Welsh electricity produced by coal and nuclear power which has a damaging effect on the coal industry.

There should be intensive investment in the industry so that gas oils and other liquid fuels as well as chemical feedstocks, can be produced from coal, in addition to present uses, the study says.

The plan also calls for the setting up of a Welsh Energy Agency to supervise the development and distribution of energy, and for small-scale hydro-electric and windpower development especially for rural communities.

The study notes that nearly 50 per cent of all Welsh electricity is exported.

North West companies switch from oil

BY MAURICE SAMUELSON

THE INDUSTRIAL market for coal in North West England, badly hit by the recession, is starting to revive as companies switch from oil.

One of the first companies to switch to coal is the soya bean processing plant of Contisoya at Bootle, Merseyside, which produces crude vegetable oil for the edible oil refining industry.

At the weekend it started using boilers which will use 13,000 tonnes of coal a year. The boiler plant was made by E. Green of Wakefield, with coal handling systems made by Sendair International of County Durham.

In the past six months the National Coal Board's North West region has won orders for 1.4m tonnes a year, worth about £60m at present prices.

Sales to industry in the region have fallen to below 1.3m tonnes a year compared with nearly 1.9m five years ago

State industry chiefs to seek way round pay limit

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CHAIRMEN of nationalised industries are to try to find a new formula which the Government would accept for raising the level of their boardroom salaries.

This follows a meeting between Sir Geoffrey Howe, the Chancellor, and representatives of the Nationalised Industries Chairmen's Group, who complained about their salaries falling behind private-sector levels.

Sir Geoffrey made it clear that the Government could not let the chairmen and other State industry board members have general salary increases above the limits advocated for the public sector.

The chairmen said this conflicted with the Prime Minister's declaration earlier this year that the salaries — which range from about £40,000 to £60,000 for chairmen of major industries—should in future be fixed according to market considerations.

In the past the Government's Top Salaries Review Body recommended increases.

Since the Prime Minister announced this change, most chairmen and board members have been given rises of around 7 per cent, in line with the Government's public-sector limit for 1980-81.

Only Sir Peter Parker has beaten this limit, winning a 25 per cent rise on his £48,000-a-year salary when he negotiated fresh terms for a second period as chairman of British Rail.

Wage rises are likely to be limited to about 4 per cent in the coming year, although it remains to be seen whether the Government is prepared to pay more when making new appointments — for example when it finds a replacement for Sir Derek Ezra, National Coal Board chairman who retires next year.

His present salary approaches £50,000.

The Government's main worry appears to be the way State boardroom salaries tend to be regarded as a single overall problem covering 20 major industries and other smaller businesses.

This means that any overall concession would be seen as a major dent in the Government's approach to pay rises.

However, the chairmen told Sir Geoffrey that the Prime Minister's idea of fixing each industry's salaries according to its own market considerations, would not have led to such a blanket approach. The fact that only Sir Peter had received a large rise proved this could happen.

Sir Geoffrey, however, gave no indication that there would be any easing of the general limits in the foreseeable future, but he said the chairmen's group could try to devise a way of allowing boardroom salaries to rise gradually.

Government rules out tax rate curbs on drinking

BY GARETH GRIFFITHS

THE GOVERNMENT has rejected the systematic use of tax rates as a way of controlling alcohol consumption and says official policy alone can not secure responsible attitudes towards drinking.

In a discussion paper, Drinking Sensibly, produced by the Department of Health and Social Security and published yesterday, the policy emphasis is on health education and helping employers develop programmes for employees with drink problems.

Mr Norman Fowler, the Health Secretary, said the number of problem drinkers receiving specialist treatment from the National Health Service had increased sharply. Between 1965 and 1979 the number of patients admitted to hospitals with alcoholism or alcoholic psychosis had more than doubled.

Alcohol abuse had an adverse effect on family life, boosted road traffic and industrial accidents and had led to a sharp rise in the level of deaths from cirrhosis over the past decade.

The Health Secretary said the discussion paper aimed to preserve a balance between the majority of people who drank sensibly and those who had drink problems, and to widen understanding of the problems drink abuse could cause.

The Government has decided not to take any action on tougher controls over alcoholic drinks advertising. It believes the present system of self-regulation by alcoholic drinks companies and the advertising industry is sufficient. But there is still scope for stressing that the product is most enjoyable when taken in moderation, the report says.

The DHSS rules out a ban on drinks advertising on television because it would probably lead only to greater advertising efforts by other means. But the document suggests greater emphasis on education campaigns in schools and cites the relative success of the anti-smoking campaign since the 1960s.

The document also rules out a statutory co-ordinating body which could bring together the work of the various groups in the field. It argues that a co-ordinated approach is needed, but can be achieved more effectively through present procedures. A DHSS study group is looking at the effectiveness of several anti-drink abuse organisations which it funds.

Reaction from the drinks industry is that the discussion paper represents a balanced approach. But there is likely to be a lot of scepticism about the effectiveness of the DHSS commitment to tackling alcohol abuse, because of the powerful economic and fiscal reasons for boosting drink consumption.

Drinking Sensibly, Department of Health and Social Security. HMSO. £2.95.

Remove Civil Service pay from political arena, say unions

Civil servants want an £85 minimum wage. Philip Bassett looks at their pay inquiry evidence

THE GOVERNMENT'S insistence that market forces should play a major role in determining pay increases for 530,000 white collar civil servants is rejected by Civil Service unions in their evidence to the inquiry into Civil Service pay.

Instead, the Council of Civil Service Unions insists comparability with pay outside the service — the Government's rejection of which led directly to this year's 21-week strike campaign—must be an "important factor" in any rational pay system.

Significantly, this represents a softening of the unions' line, in that it is not a straightforward call for the reinstitution of the comparability-based system brought in after the Priestley Royal Commission report in 1955, but is a partial recognition that that system has been swept away.

Mr Bill Kendall, CCSU secretary-general, said a new system must have "full regard to comparability." The Government's handling of Civil Service pay this year showed "the urgent need for a pay system which will remove Civil Service pay from the political arena and provide stability for the future."

The unions' evidence to the inquiry, which is chaired by Sir John Megaw and is expected to report by next summer, is sharply critical of the Treasury-influenced paper submitted to the inquiry by the then-Civil Service Department in October.

The CCSU says this "unconstructive" document would be bound to change the character of the Civil Service, and that as a result "the integrity of advice to Government and the application of Government policy will inevitably suffer."

The Government's paper "fails to give any weight to the requirements of continuity in government and public administration, which should transcend passing political considerations. Notwithstanding the attitudes of the current administration, their stewardship of the Civil Service is essentially a short-term one under the British electoral system."

In a clear reference to the "two-tier" bargaining system emerging in the public sector, the unions argue that "actions by the Government that place a premium on force (for example, by giving way to powerful groupings and restricting those whose cases on merit are probably better), only foster relative grievances and encourage industrial action."

It adds that "force (government authoritarianism and unprincipled opportunism) can only be met with force."

The unions state their "implacable opposition to the sort of one-way pay regime that the present Government is seeking to achieve for the Civil Service."

Though the unions acknowledge that much of the thrust of their evidence is necessarily defensive, given the Government's scrapping of a 25-year-old pay system, the CCSU puts forward thorough arguments on the main points the inquiry is likely to consider.

● **Market forces.** The unions say the Government's insistence that the state of the labour market should be reflected in Civil Service pay is "motivated by expendiency, arising from the present high level of unemployment."

As well as seeking to take advantage of the current job shortage, the Government was trying to influence or even dictate market forces.

Arguing that comparability with outside pay and conditions reflects both recruitment and wastage, the unions says: "If at the end of the day the importation of 'market factors' (which is only one of a number of relevant features in considering recruitment on its own or in relation to pay) can then be submerged totally by what are perceived as overwhelming national considerations, then the arguments adduced in favour of emphasising the recruitment factor cannot hold much real weight."

● **Comparability.** The unions urge the establishment of a fact-finding body to gather information on outside pay, along the lines of the now-abolished Pay Research Unit.

They suggest attaching it to the Office of Manpower Economics, with a supervisory board made up of MPs and CBI and TUC representatives with observers from the Civil Service unions and management.

The "public interest" could be brought into the system during negotiations, but the resultant pay rates should then be brought in without further interference.

"We will not be party to any system which includes a Government 'override' mechanism," say the unions.

● **Regional pay.** The Government has appeared keen to re-introduce different pay levels according to region in an effort to apply market forces. The unions say previous attempts at this have proved both administratively difficult and inefficient.

The unions show that under the current system of national pay, with two extra different rates for inner and outer London weighting, the rate for a clerical assistant is 15.3 per cent ahead of the national average, compared to 15.8 per cent for all non-manual staff. The rate for the rest of the country is 94.9 per cent of the national average, compared to 92.3-95.7 per cent for all non-manual staff. Similar results are shown for other grades.

The unions suggest these figures confirm that the present system is the only valid one and state that "there is no reason to assume that a system of regional pay differentials would solve any real or imagined problems within the Civil Service *pay structure*."

● **Merit pay.** The unions say promotion, rather than any adjustment of the present system of incremental scales or the introduction of bonus payments, is the proper reward for incentive and performance in the Civil Service.

Many civil servants regarded increments as devices for delaying payment of a "decent rate" rather than as a benefit.

● **Job security.** Noting that *previous reports, including* the Scott inquiry on pensions, have been unable to put a value on job security, the unions deny the Government's charge that civil servants have been "insulated . . . from reality."

They point out that there has been a succession of severe cuts in Civil Service numbers in recent years, and state "the present Government's target is to reduce the Civil Service by over 100,000 posts during its life time (by April 1984). This means, in simpler terms, the loss of one Civil Service job in every seven."

● **Pensions.** Apart from the unions' usual rebuttal of the charge that civil servants do not contribute to their index-linked pensions, the unions say the present process of deducting contributions during the pay negotiations is both complex and unsatisfactory. It is not easily understood and can only operate in the context of pay comparability.

Pension costs and their apportionment between employer and employee should be divorced from the process of pay determination, though no clear indication is given of how this could best be achieved.

● **Low pay.** The unions say about 170,000 civil servants, are earning £85 a week or less in basic pay, and propose this figure should be adopted as a minimum wage for the Civil Service. This would mean an increase of a third in the present bottom-level rate of £63.84 for a clerical assistant.

Excluding trainees and 16-17-year-olds, the CCSU puts the cost of an £85 minimum wage at about 3 per cent of the current white-collar pay bill of £5bn.

"We believe that the cost of a low pay programme is not prohibitive, even in today's restrictive climate," say the unions, particularly if it was phased in over, say, four years.

● **Higher Civil Service.** The Government's repeated cuts in Top Salaries Review Body awards have pushed senior civil servants' pay severely out of line with outside rates. The pay for Under-Secretaries should be taken out of this area, and TSRB recommendations implemented fully.

● **Industrial Relations.** As the result of repeated Government breaking of agreements, the unions say Civil Service industrial relations "are at their lowest ebb, and the inquiry should be in no doubt at all about the depth of bitterness and disillusionment felt by civil servants at all levels."

Accordingly, the unions ask the inquiry to recommend an urgent and comprehensive review of the machinery and practice of industrial relations in the service.

Evidence submitted to the Inquiry into non-industrial Civil Service Pay under the chairmanship of the Rt Hon Sir John Megaw, CCSU, 19, Rochester Row, London, SW1.

3,000 ban overtime at Metal Box

By Our Labour Staff

THREE THOUSAND workers at Metal Box's 10 open top factories yesterday began an indefinite overtime ban and withdrawal of co-operation from management.

The move is in response to the company's refusal to increase its 5 per cent pay offer and its insistence that no compensation will be paid for the introduction of a new grading system.

Metal Box claims that the offer is the most that is available following substantial losses in the open top division last year. A £400 one-off payment to craft workers is not applicable to other grades, the company says.

The industrial action is being taken jointly by members of the Transport and General Workers' Union and the General and Municipal Workers' Union.

Mr Peter Evans, a TGWU national officer, has warned that the dispute may escalate

Seamen settle for 8% package

BY IVO DAWNAY, LABOUR STAFF

BRITAIN'S 26.000 merchant seamen have voted by more than three to one to accept a pay and leave package worth 8 per cent on current rates.

The deal, which was recommended for acceptance by the National Union of Seamen, will increase basic rates for Grade 1 foreign-going seamen from £70 to £74 a week and raise leave entitlement from 72 to 84 days for every year at sea.

Earnings for foreign-going seamen, who work an average of 69 hours a week, will increase from £136.47 to £146.96 when the new rates come in on January 2. The seamen's leaders had insisted that the General Council of British Shipping, the employers' body, extended shore leave in an attempt to provide work for the 3,500 ratings unemployed.

NUS officials believe the settlement should provide about 1,250 extra jobs.

The union's original claim was for a "major increase" in basic rates and an extra 18 days shore leave. The settlement will improve seamen's leave pay from £91 to £96.60 a week.

Agreement comes against a background of growing concern over the competitiveness of British shipping and anxiety on both the employers' and unions' sides that there is no repetition of last year's damaging five week strike.

Earlier this month, the merchant navy's 35,000 officers agreed a similar 8 per cent rise, and talks are continuing with shipowners running short-sea and coastal routes. The short-sea employers have warned that financial pressures may not allow them to pay the full wage increase.

Shell refinery workers accept 8% pay increase

BY IVO DAWNAY, LABOUR STAFF

SHELL'S 3,400 manual workers employed in the company's five UK refineries have voted to accept an 8 per cent pay rise against the advice of transport union officials. It is also understood that 2,100 white collar refinery workers have settled for a similar deal.

Shell is optimistic that 1,765 craftsmen employed at the plants will agree to an 8 per cent rise at votes to be held later this week.

The manual and process workers at four refineries—Ardrossan, Shellhaven, Teesport and Stanlow—and the Carrington chemicals complex near Manchester, have different salary scales. However, the new agreement will raise yearly pay for a middle-grade main stream operator at Shellhaven from £6,573 to £7,099.

Shift allowances will increase from £1,680 to £1,815.

The union had been seeking a rise in living standards for the manual workers and had argued that a 13.2 per cent increase was the minimum to keep pace with the cost of living. A demand for extra holidays was also rejected by the company.

Mr Harry O'Neil, chairman of the national negotiating committee, said yesterday he was disappointed but not surprised by the decision

"I believe we have got the lowest settlement in the energy industry. And with the miners already being offered 9 per cent. I am a bit disappointed that the oil industry will be at the bottom of the league,"

Lorry drivers reject 5%

By Brian Groom, Labour Staff

PRIVATE SECTOR lorry drivers in London, the South-East and West Yorkshire have rejected pay offers of about 5 per cent.

Their decision is a setback for road haulage companies who are badly hit by the recession. The employers are hoping for a second year of low settlements.

Companies in 21 regional negotiations have offered 5 per cent and below after pay deals last year of 3.5 to 6.7 per cent. There have been no settlements yet.

The Chancellor's economic package—especially the increase in employees' national insurance contributions — has stiffened the drivers' resistance. Nevertheless, negotiators for the Road Haulage Association's Metropolitan area — representing 1,600 companies yesterday refused to go beyond 4.9 per cent, a figure based on a survey of what members could afford.

Shop stewards are now sounding out their members' feelings before attending a conference on January 10. Mr Ron Connolly, TGWU chief negotiator in the area, said there was a likelihood of industrial action. There had been great hostility to the offer.

Under the proposed award, drivers of the largest vehicles would see their minimum raised from £81 to £85 a week, but with a guaranteed five hours' overtime, this would become £101. The overnight subsistence alowance would rise by 50p to £10.25.

The offer rejected in Leeds and Bradford would raise 40-hour minimum for drivers in the highest category to £84 and raise the subsistence allowance by 50p to £10. It also contains a payment of £62.40 to move the settlement date from November 1 to January 1.

COMPANY NOTICES

VEREENIGING REFRACTORIES LIMITED ("VEREENIGING")
(Incorporated in the Republic of South Africa)

TERMINATION OF LISTING ON THE STOCK EXCHANGE, LONDON AND CLOSURE OF LONDON OFFICE AND UNITED KINGDOM SHARE TRANSFER OFFICE

The Stock Exchange, London has agreed to terminate the listing of Vereeniging's ordinary and preference shares on that exchange with effect from February 1, 1982.

The United Kingdom registers contain less than two per cent of the total issued share capital of Vereeniging. In view of that limited number of shares and the very few trading transactions which have taken place over recent years, the Board of Directors is of the opinion that the expense involved in maintaining the London listing, a London office and the United Kingdom registers of members is no longer warranted.

Accordingly, in terms of clause 101 of Vereeniging's Articles of Association, the London office and the United Kingdom share registers will be closed with effect from February 1 1982.

All the issued ordinary and preference shares of Vereeniging are and will continue to be listed and dealt in on The Johannesburg Stock Exchange. However, it should be noted that it will also be possible to deal in the shares on The Stock Exchange, London in accordance with rule 163(1)(e) of that exchange. From February 1, 1982 members on the United Kingdom registers will be transferred to the Johannesburg registers maintained by Vereeniging's transfer secretaries in the Republic of South Africa, Consolidated Share Registrars Ltd, 62 Marshall Street, Johannesburg (P.O. Box 61051) Marshalltown 2107 after that date all correspondence should be directed to that address. After February 1, 1982 all dividends will be paid in South African currency (Rand).

By Order of the Board
F. KEMP, Secretary

United Kingdom Transfer Secretaries:
Charter Consolidated P.L.C.
P.O. Box 102
Charter House, Park Street
Ashford, Kent TN24 8EQ

London Office:
40 Holborn Viaduct
London, EC1P 1AJ

December 15, 1981

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 17th November, 1981, NOTICE is now given that the following distribution will become payable on and after the 15th December, 1981, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION PER UNIT	3.00	CENTS
LESS 15% U.S. WITHHOLDING TAX	.45	CENTS
	2.55	CENTS PER UNIT
CONVERTED at $1.8995 =	1.34246	PENCE PER UNIT

Barclays Bank Limited
Securities Services Department
54 Lombard Street, EC3P 3AH

15th December, 1981

MEXICO
(United Mexican States)
U.S.$50,000,000 8¼% Bonds 1991

NOTICE IS HEREBY GIVEN that Bonds for a total of U.S.$1,250,000 nominal capital were purchased during the year ended 14th December 1981 and cancelled pursuant to Condition 4 of the Terms and Conditions of the Bonds.

Fiscal Agent:
N. M. Rothschild & Sons Limited
New Court, St. Swithin's Lane
London EC4P 4DU
15th December 1981

H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% Debenture Stock 1975/84 and the 5½% Debenture Stock 1976/85 of this company will be closed from 16-30 January 1982, both dates inclusive.
Hayes Park
Hayes
Middlesex
10 December 1981

PUBLIC NOTICES

OXFORDSHIRE COUNTY COUNCIL BILLS. £14½m due 10th March 1982 issued 9th December 1981. Average 13[illegible]%. £74½m applications. Bills outstanding £14½m.

ART GALLERIES

NICOLA JACOBS GALLERY, 9, Cork Street, London, W1. Tel. 437 3868. SMALL WORK by selected British and American artists. Until 14 January.

BROWSE & DARBY, 19, Cork Street, W1. 01-734 7984. SICKERT. Upper Gallery. DIANA ARMFIELD. Recent Work.

ALLANS GALLERY. Devoted entirely to Textile Art. Hand embroidered silk pictures makes delightfully different and inexpensive gifts starting from as little as £3.50 unframed or £17.00 framed. The gallery is on the lower ground floor of Allans' famous Silk Shop at 56-58, Duke Street, Grosvenor Square, London, W1. Mon.-Fri. 9-6, Sat. 9-1.

ESKENAZI LIMITED. Foxglove House (1st Floor), 166, Piccadilly, W1. Tel: 01-493 5464 5. Exhibition, ANCIENT CHINESE SCULPTURE, 11-24 December, Mon.-Fri. 10-6, Sat. 10-1.

FIELDBORNE, 63, Queens Grove, NW8. 586 3600. Audrey Lanceman LONDONER'S LONDON. Lower gallery SCOTTIE WILSON.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. 20th CENTURY WORK ON VIEW. Mon.-Fri. 10-5, Sat. 10-1.

LEGER, 13, Old Bond Street. English Watercolour Exhibition including Turner, Towne, White, Abbott. Also H. B. Brabazon Exhibition. Mon.-Sat. 9.30-5.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. Tel. 235 0010. Specialists in 19th Century and Contemporary Paintings of ARABIA.

WHITECHAPEL ART GALLERY, Whitechapel High St. 377 0107. Tube: Aldgate East. To 24 Jan. BRITISH SCULPTURE IN THE TWENTIETH CENTURY. Part II 1951-80. Sun.-Fri. 11-6. cl. Sat. Adm. £1 (50p). Free Mon. 2-6.

WILDENSTEIN: Henry Moore — Recent Drawings. From 25th November to 31st December. Weekdays 10-5.30, Saturdays 10-12.30. 147, New Bond Street, London W1.

MARLBOROUGH, 6, Albemarle St., W1. JOHN PIPER Tudor Picturesque: oils, gouaches and new graphics. Until 9 Jan. '82. Mon.-Fri. 10-5.30, Sat. 10-12.30.

COOLING GALLERIES, 38, Albemarle St., W1. Phone: 01-629 5224. Special Christmas Exhibition of PAINTINGS UNDER £1,000.

RICHARD GREEN GALLERY, 4, New Bond Street, London, W1. 01-499 5487. CHRISTMAS EXHIBITION OF PRINTS UNDER £500. Daily 10.00-6.00, Sats. 10.30-12.30.

NOORTMAN, 8, Bury Street, St. James's, SW1. 01-839 2606. ANNUAL EXHIBITION OF 19th CENTURY FRENCH WATERCOLOURS AND DRAWINGS. Mon.-Fri. 9.30-5.30. Until December 18th.

THE PARKER GALLERY, 2, Albemarle St., Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings of Ship Models.

SPENCER A. SAMUELS OF NEW YORK EXTENDS HIS EXHIBITION OF MASTER DRAWINGS UNTIL 19th DECEMBER, 1981. 40, Duke Street, St. James's, London, SW1. Tel: 839 5180. Mon.-Fri. 10-6, Sat. 10-1.

CONTRACTS AND TENDERS

ETHIOPIAN TRANSPORT CONSTRUCTION AUTHORITY

EXTENSION OF CLOSING DATE OF INVITATION IFB No. T-02/74

The Ethiopian Transport Construction Authority of the Provisional Military Government of Socialist Ethiopia announces that the closing date of Invitation IFB No. T-02/74, for the purchase of Road Construction and Transport Equipment, is Extended to December 22, 1981, at 10:00 hours Addis Ababa time.

All bidders who have picked tender documents and all others interested to participate are advised to note the change and submit their bids on or before the new closing date and time.

Defence staff challenge

BY OUR LABOUR STAFF

THE breakaway staff association which has been formed in the Ministry of Defence sees its ultimate aim as that of sole representative body in the ministry.

The Ministry of Defence Staff Association was formed in response to the official MoD unions' handling of the 21-week Civil Service strike campaign over pay this year. The first issue of its journal says the first step towards this aim, apart from the recruitment of members, is securing a legal recognition from the MoD.

Modsa, which claims about 1,100 members, covering all grades in the MoD, stresses the need for trust between the service and civilian personnel of the Ministry, but says "this cannot be achieved in an atmosphere of industrial unrest and the possibility of strikes

The Association believes that to secure recognition it will have to have about 35,000 members, or one-third of its potential membership.

The other MoD unions believe the staff association will not be afforded negotiating rights, and argue that by pressing for the MoD to be formed into a separate defence service —apart from the general Civil Service—the association is undermining overall Civil Service trade union unity.

Support for Solidarity pledged

MR LEN MURRAY, TUC general secretary, yesterday condemned the Polish authorities for imposing martial law.

He also demanded that the arrested leaders of Solidarity be released and pledged TUC support for the movement.

"All British trade unionists will share in the dismay and deep concern at the arrests of leading members of Solidarity and the imposition of military rule in Poland," he said.

"The TUC condemns these acts of repression. They will make yet more difficult the understanding and compromises that are essential to finding solutions to the critical problems confronting Poland and her people."

The Solidarity representatives should be freed immediately so talks with the authorities could resume, he said.

He called on the Government to counsel restraint "in a tense and dangerous situation" and help to provide food and medical supplies vitally needed by the Poles through the winter.

Liverpool typists return to work

Financial Times Reporter

THE 350 Liverpool Corporation typists, secretaries and machine operators who have been on strike for a record six months over a pay regrading claim will be back at their desks this morning.

They voted at a mass meeting in the city's Boxing Stadium yesterday to accept the recommendation of the town hall branch of the National and Local Government Officers' Association (*Nalgo*) and to return to work to enable their claim to go to arbitration in the New Year.

UK NEWS—PARLIAMENT and POLITICS

Carrington warns Soviets against Polish intervention

FINANCIAL TIMES REPORTER

BRITAIN WILL maintain a policy of "strict non-intervention" over the Polish crisis, Lord Carrington, the Foreign Secretary, told the Lords yesterday.

In a clear warning to the Soviet Union and its Warsaw Pact allies, he added: "We expect the same of all signatories of the Helsinki Final Act."

Lord Carrington assured peers that there were no reports of danger to British people living in Poland.

He recalled the assurances by the Polish leader, General Jaruzelski, that reforms would be continued, despite the imposition of martial law, and that the emergency measures were intended to be of short duration.

"We regard these commitments as very important," he said.

The Government was following developments "with the closest attention and with great concern," and was in close consultation with its EEC partners and Nato allies.

"The next few days would appear to be of critical importance to the future of Poland," Lord Carrington said.

"We sincerely hope that the Polish Government and people will be able to resolve their problems without bloodshed by compromise and consensus.

"We shall observe a policy of strict non-intervention and we expect the same of all signatories of the Helsinki Final Act."

Replying to questions expressing the hope that Solidarity would be able to reach some compromise with the Polish government, Lord Carrington said: "We would all hope this was possible, and that the gains made over the last years are maintained."

Lord Carrington said he was meeting other Community Foreign Ministers last night, when re scheduling of Poland's debts would be discussed.

"It is only a question of whether we go on as we were going to go on, or whether events in Poland will make it difficult for use to do so," he told Baroness Llewelyn-Davies (Labour), who said it was not a matter for the banks alone.

Lord Carrington said it was too soon to say whether the restrictions in Poland had prevented food entering the country. But he imagined any restrictions would be only temporary.

If food was to go to the people, it should go, he told Tory Lord Campbell of Croy, who called on the Government to maintain supplies to Poland.

Lord Carrington said theire was no question of Britain being deprived of access to the Polish Government, despite the fact that the British ambassador was in hospital recovering from a heart attack.

There was a "very efficient" second-in-command who had had talks with the deputy Foreign Minister on Sunday.

Lady Llewelyn-Davies welcomed the non-intervention pledge by the Foreign Secretary, adding: "The gallant Polish nation must decide their own destiny."

In the Commons, shadow Foreign Secretary Mr Denis Healey said: "We would all agree it is a tragedy that a movement towards greater freedom and democracy in Poland over the last 12 months has been halted. We must hope progress is resumed as soon as possible.

"We also agree there must be no intervention by foreign governments in the attempts of the Polish people to solve their own problems by their own efforts."

It would be a "disaster" if a statement by any Western Government was taken as an excuse for intervention by the Russians or any other East European government.

Mr Healey said the Polish economic situation was fragile and depended on the readiness of the Western banks to reschedule loans to assist the Polish national debt.

He asked for an assurance from the Government that it would give assistance to ensure that the debt was successfully re-scheduled.

Mr Humphrey Atkins said the re-scheduling of the debts was not solely the responsibility of governments, but also involved the commercial banks.

But he added: "In our view it would be entirely premature to change any decision they have already agreed."

Commons Sketch

Sentimental tributes to gallant Poles

THE COMMONS yesterday went in for some ineffectual handwringing over the momentous events in Poland with MPs paying sentimental tributes to the gallant people in whose defence Britain declared war on Nazi Germany.

In an ultra-cautious statement Mr Humphrey Atkins, Deputy Foreign Secretary, said Britain would observe a policy of non-intervention and piously hoped other nations would do the same.

Tory MPs, including Mr Winston Churchill, obviously felt this response was too flabby. But they seemed at a loss to suggest what more the Government could do other than declare its sympathy for Solidarity, step up BBC broadcasts to Poland and see that food parcels got through.

Almost overshadowed by these historic events was a domestic announcement which the Government quietly slipped in a few minutes later. Nevertheless, it should not pass without notice.

Mr Patrick Jenkin, who has replaced the monetarist Sir Keith Joseph as Industry Secretary, disclosed that the Government is to give £22m in assistance to the private steel companies.

The package was concealed in plenty of wrapping paper with many references to restructuring, rationalisation and redundancies. When pressed, however, Mr Jenkins seemed remarkably hazy about what all this entailed.

Despite this, the central message was inescapable. The Government, which came to power opposed to state aid for industry, was engaged in another mini-turn, swerve, curve—call it what you will.

It seemed appropriate that the announcement should come from Mr Jenkin who was Financial Secretary to the Treasury in Mr Edward Heath's government. Bland and imperturbable, more like a senior civil servant than a politician, he goes from strength to strength impervious to changes in economic fashions.

His argument in support of the announcement was rather curious. He seemed to be saying that having given £5bn to the British Steel Corporation the Government now had to fork out £22m to help the companies which had been driven into a corner by the state-aided BSC.

Naturally, the public funds were welcomed from the Opposition benches although, as usual, several Labour MPs criticised the handout as too small.

There was also a welcome from the Conservative benches. In this new era of government flexibility everyone is a "wet" on these occasions.

Mr Hall Miller (Cons, Bromsgrove and Redditch), who resigned his post as PPS to Mr Francis Pym as a protest at the Government's attitude to private sector steel, saw it as a praiseworthy attempt to remedy "a grave injustice."

An apt summing up came from Mr John Morris (Lab, Aberavon). "Not a U-turn. But there are shades of 1972 about it."

John Hunt

Unions begin to rally round Foot

BY JOHN LLOYD AND ELINOR GOODMAN

MR MICHAEL FOOT, the Labour Party leader, received his most powerful support yet in his current battle against the party's far left, when a senior leader warned that politicians who put internal struggles and ideological purity before electoral success would be "abandoning the trade unions."

Mr David Basnett, general secretary of the General and Municipal Workers Union and the chief spokesman for union interests within the Labour Party, gave his warning—clearly directed at Mr Tony Benn—at a meeting yesterday of the TUC-Labour Party liaison committee.

Mr Benn, who was sitting directly opposite Mr Basnett in the committee, did not reply to the comment. Besides this oblique but unmistakable attack in the liaison committee, Mr Benn could also face a move to oust him from the chairmanship of Labour's key home policy committee because of his continued defiance of Mr Foot.

A number of centre-right trade unionists on the committee have floated the idea of moving a motion of no confidence in Mr Benn early next year.

The idea is still in its formative stages, and some right wingers on the national executive believe it could not succeed. However, it is clear that Mr Benn has thoroughly antagonised a number of powerful trade union leaders, none of whom dissented from the line taken in the liaison committee by Mr Basnett.

Mr Benn retained his position as home policy chairman because, when the voting took place immediately after the party conference in October, he retained the active support of Mr Foot—a support he no longer enjoys.

However, his removal as chairman would require all of the members of the committee's "soft left" to vote against him.

Mr Basnett told the committee that all the trade union leaders present were under pressure from their members to produce results as soon as possible. Trade unions had to thrash out policies with a party which could form a government, and if that perspective were lost, then the union's interest would fade.

The committee approved a programme of work for next year, which will focus on the production of a document for the TUC and Labour Party conferences setting out the joint programme of the two bodies—a programme which would, in effect, be the bulk of Labour's election manifesto.

The major problem facing the two wings of the movement will be how to get agreement on some form of incomes policy, an issue which was delicately skirted in the interim document produced for this year's conferences.

The subject will probably come up under the heading of the "national economic assessment," which both sides have agreed will be a central feature of their new strategy.

The alarm among trade union leaders over the activities of far left groups in the Party was also demonstrated in yesterday's liaison committee meeting when Mr Clive Jenkins, the left-wing general secretary of the Association of Scientific, Technical and Managerial Staffs, said Trotskyists in the party were "anti trade union."

Much of the committee's work has been handled by a sub-committee on industrial democracy and planning, which will complete its work and report to the full committee early in the new year.

The sub-committee has agreed plans for new statutory rights for workers to enable them to take part in company decision-making from below and to create a new and powerful national planning body which would direct investment and production from above.

MOVING CLOSER: Clive Jenkins, Michael Foot, David Basnett

Overseas aid budget cut by 11% in real terms

BY DAVID TONGE

BRITAIN is to cut its overseas aid programme by 11 per cent in real terms in the next financial year.

Mr Neil Marten, the Minister for Overseas Development, said yesterday that the gross aid programme would be cut by 2 per cent in cash to £1,017m. However, the Treasury is using a price deflator of 9 per cent, cutting the volume of aid available for development by over one-tenth.

The cut comes after aid in the year to March 1981 was already at least 3 per cent below the previous year's volume. It is part of the general review of government expenditure announced last week.

The cuts were quickly criticised by the World Development Movement, a church-funded lobby for development issues.

Mr John Mitchell, director of the WDM, said the Government's treatment of its aid programme was symbolic of its attitude to the Third World. The more positive attitude apparently taken by the Foreign Office after the development summit at Cancun, Mexico in October had proved "mere rhetoric," he said.

British aid in 1980 was equivalent to 0.34 per cent of GNP. This was the lowest figure since the Overseas Development Administration was formed in 1966, entirely because of exceptional factors.

The underlying trend has been nearer 0.4 per cent, marginally above the Western average, though far below the 0.7 per cent target which successive British governments have accepted in principle.

The impact of the cuts has been slightly offset by the Government's decision, also announced yesterday, to authorise the Commonwealth Development Corporation to raise funds abroad.

The CDC, Britain's most cost-effective aid body, acts as a catalyst for private investment in developing countries. Mr Marten said it would be allowed to raise up to £15m abroad in each of the next three financial years. It will also continue to receive Treasury funds.

The Treasury had been blocking CDC borrowing because it would count towards the public sector borrowing requirement.

Sir Peter Meinertzhagen, the general manager of CDC, said the extra money would not allow the CDC to expand. It will, however, maintain operations at the same level in real terms as in the 1970s.

It would "enable us to carry out a substantial programme of new commitments," he said.

Britain pledges extra help to Gibraltar

By Bridget Bloom, Defence Correspondent

THE BRITISH Government has agreed to provide Gibraltar with an immediate increase in aid pending final negotiations on the closure of the naval dockyard in the two-and-a-half square mile colony.

The offer was made yesterday when Sir Joshua Hassan, Gibraltar's Chief Minister, met Lord Carrington, the Foreign Secretary, and other British Ministers. No figure has been disclosed but an announcement is expected later this week.

Britain's announcement last month that it would close the dockyard has caused alarm in Gibraltar, where the government estimates that 60 per cent of the colony's gross domestic product, estimated at £60m in 1980, is accounted for by British defence and related activities.

Sir Joshua, who is accompanied by the colony's Governor, Gen Sir William Jackson, yesterday sought and apparently received assurances from Britain that it would honour its commitment to support the Gibraltar economy if the dockyard closed. But he was warned that the closure was irreversible.

Key clause in Lloyd's Bill queried

BY JOHN MOORE

MR MICHAEL MEACHER Labour chairman of a Commons committee reviewing the private Bill for improving self-regulation at Lloyd's, yesterday questioned Lloyd's legal counsel on possible loopholes in a key clause of the proposed legislation.

Lloyd's counsel, Mr Peter Boydell QC, submitted a clause which will require Lloyd's insurance brokers to terminate their shareholding links with the management companies of underwriting syndicates.

The clause is being promoted by Lloyd's because the Commons Committee had sought the provision in previous hearings of the Lloyd's Bill. Conflicts of interest had been identified between the brokers, the buyers of insurance, and underwriting syndicates, the sellers of insurance if shareholding links existed between the two.

While brokers would be forced to divest themselves of their interests in underwriting management companies under the new proposals, shareholdings of less than 5 per cent may be held.

"What is to prevent a gathering together of interests who have under 5 per cent," to control an agent, asked Mr Meacher. "It is precluded by the definition," said Mr Boydell.

During a day long session at the House of Commons the Meacher committee listened to cross examination of a senior Lloyd's underwriter and independent managing agent, Mr Stephen Merrett.

Mr Merrett, giving evidence for Lloyd's, was cross examined by Sir Frank Layfield, QC, for the Alexander Howden Group, a financial holding company with large Lloyd's broking and underwriting interests.

Howden is opposing the clause requiring brokers to terminate their controlling shareholding links with underwriting syndicates managing agency companies.

Sir Frank Layfield said that underwriters would notice the relationships between brokers and the syndicates they managed at Lloyd's. "He is on notice from the start," he told Mr Merrett. "These are knowledgeable, well informed men."

Mr Merrett said that if the underwriter was concerned that he would lose the opportunity to underwrite the business, "he might not ask the questions."

Mr Merrett said that a 'lead' underwriter at Lloyd's, who starts the insurance of a risk, might quote a lower value than the existing rates to attract the business to the broker with which it had shareholding links.

The committee adjourned until this morning.

Police reject anti-racist squads proposal

Financial Times Reporter

DEMANDS for special police squads to combat the problem of race hate disturbances were rejected yesterday by some of Britain's leading policemen.

Racial violence squads, established on the lines of existing drugs or pornography squads, would not solve the problem. They would simply be a "cosmetic success," the Association of Chief Police Officers told the all-party Commons race relations committee yesterday.

"Our experience in the past has been that, if we set up a special squad, the generality of police officers see that squad as having prime responsibility. Then the individual policeman tends to let that responsibility shade into a lower priority," Mr Alan Goodson, chief constable of Leicester, told the committee.

Welsh urban programme cash up 30%

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

GOVERNMENT aid to Wales under the urban programme for next year is to go up from a projected £11.6m to £15.3m—an increase of £3.7m or 30 per cent.

This was announced last night by *Mr Michael Roberts*, Welsh Under Secretary, at the end of a Commons debate on employment prospects for Wales.

It was greeted by a cheer from Welsh Conservative MPs.

Aid under the programme during the current financial year is £10m.

The money goes to local authorities to enable them to promote industrial development, additional social services, education and recreational facilities.

The increase follows the announcement last week by Mr Michael Heseltine, Environment Secretary, that Government money for inner cities in England is to be increased by up to £95m next year.

Wales does not receive inner city aid, and the urban programme, the Welsh equivalent, is channelled through the Welsh Office.

Mr Roberts said the increase would be translated into new jobs and social activity, and would help the Welsh people generally, particularly the deprived and burdened.

SDP agrees to admit Labour's Douglas-Mann

By Elinor Goodman, Political Correspondent

THE SDP's steering committee agreed after a lengthy discussion last night to admit Mr Bruce Douglas-Mann into the party, despite the embarrassment he caused last week by his unilateral declaration that he intended to resign as a Labour MP and fight a by-election in his constituency of Merton, Mitcham and Morden. The committee reserved judgment on whether or not he should be allowed to contest the by-election as the official SDP candidate. Instead, the committee agreed that it would be guided by the decision of the area SDP party in Merton.

Mr Douglas-Mann, who upset some Social Democrats in Merton by failing to consult them before he made his announcement, is to see members of the local SDP later this week.

They are likely to tell him that he is free to put his name forward for consideration as the official SDP candidate provided he renounces in advance his idea of standing as an independent Social Democrat if he fails to get the backing of the party.

Mortgage aid stays at £350m

Financial Times Reporter

BUILDING SOCIETIES will make £350m available for priority mortgages under the Government's support lending scheme next year, Mr John Stanley, the Housing Minister, said yesterday in a Commons written reply.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Small Business

BY TIM DICKSON

SMALL business strategists at Barclays Bank must have mixed feelings about the Government's Loan Guarantee Scheme.

The bank, it should be emphasised, has reacted positively to this controversial initiative, and at the end of November had handed out more guaranteed loans—over £14m—than any of its high street rivals.

Ironically, however, the publicity which the scheme has attracted has taken the shine off Barclays' own Business Start Loans—not to be confused with the Government's business start-up scheme—a particularly imaginative form of medium-term lending introduced at the end of September last year in recognition of the special needs of smaller companies.

In the first 12 months that this type of finance was available, Barclays lent almost £10m in start loans to just over 300 customers.

But because of competition from the better known Loan Guarantee scheme which, with less stringent conditions, can sometimes fulfil the same purpose, applications for Barclays' business starts have since fallen off.

Yet the Barclays concept is widely admired by other banks and, in this industry which specialises in overnight imitations, some of them might have followed suit if the Loan Guarantee scheme had not come along.

How Barclays confronted the risks of innovation

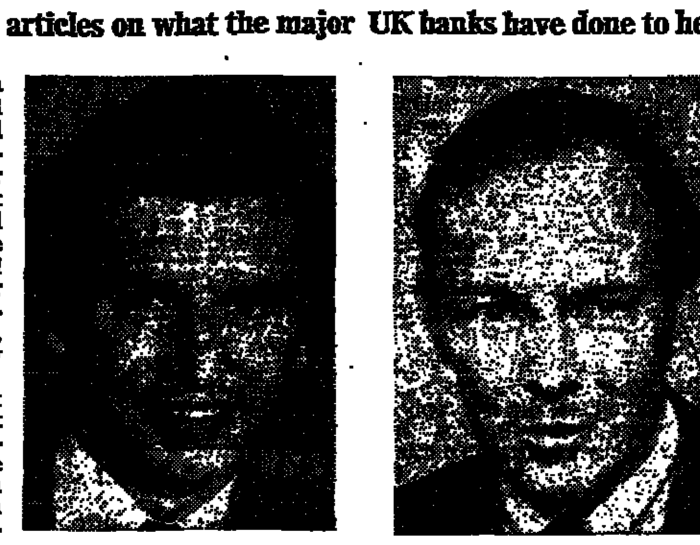
The second in a series of articles on what the major UK banks have done to help the smaller businessman

Like normal medium term loans, "start loans" are aimed at new or established limited companies launching a new product or project. The major difference is that no repayment or capital is made until the end of the period (invariably five years) and charges are collected not in the form of regular interest payments but as a percentage of the borrower's sales, in a similar way to a royalty charge.

In other words, "start loans" have the advantage that cost is directly linked to performance and cash flow in the early stages of development can be significantly improved. On the other hand, the performance link may be a deterrent to those who are convinced they are on a winnter.

Two further attractions are that directors' guarantees or other third party security are not demanded by the bank, and that royalty payments are treated by the Inland Revenue as franked income.

The availability of Business Start Loans, however, does not mean that applicants will automatically be accepted. Barclays makes clear in its literature that it is "particularly concerned with the strength of a company's management." And as Ian Lovett, manager of Barclays Bank's Small Business Unit, points out, "We expect them to exhibit a good knowledge and experience of the market they are about to enter."



Ian Lovett (left) and Malcolm Forbes

Lovett is adamant that the loan guarantee scheme is not a direct alternative and he is now determined to breathe new life into start loans.

Barclays' most lasting response to the special needs of small companies is the Business Advisory Service (see article below). This was the earliest initiative by any major clearing bank to meet some of the problems posed by the Bolton Committee.

While some critics query whether experience as a branch manager provides the right credentials to be a BAS troubleshooter, many companies have nowhere else to turn. Inevitably much depends on the individuals involved but there is a growing demand for the service.

The bank, meanwhile, also offers among its services a Business Expansion Loan for Small Companies (also introduced in September 1980). This bears more than a passing resemblance to the sort of medium and long term facility on offer from other banks, with customers able to choose a term of between 2 and 20 years, fixed or variable interest rates and a sum between the minimum £5,000 and the maximum £500,000.

Barclays is also a leading light in the London Enterprise Agency (along with Midland and Lloyds) and is involved with another dozen of the many enterprise agencies now sprouting up round the country.

In addition, the bank has endowed a £250,000 "Barclays Chair in Microprocessor Applications" at Manchester University and has seconded several of its employees to small business agencies (one, for example, is working with British Steel in Consett).

Along with the Co-op Bank, Barclays is the only UK bank to hand out subsidised "job creation" loans in coal and steel closure areas with money provided by the European Coal and Steel Community. Barclays effectively acts as agent in the UK and hands out "parcels" of up to £50,000 for companies creating new jobs. The advantage for the company is a low rate of interest, thanks to a special rebate from the ECSC.

The first article in this series, on the Midland Bank, was published on November 17.

Why the bank realised the need to give advice

"COMPANIES WHICH do not plan," *says Malcolm Forbes*, "are like drivers who keep their eyes firmly fixed on the rear view mirror. Doing so means it is highly unlikely that they will reach their destination."

Forbes should know, for over the last couple of years he has gained a rare insight into small companies in his capacity as Barclays Bank's Business Advisory Service manager for the Reading district.

The Business Advisory Service was Barclays' direct response to the famous 1971 Bolton Report which drew *attention for the first time to* the UK's large, but at that time mostly neglected, small business sector.

Among its recommendations Bolton specifically *called on banks to improve* their relations with small business customers, a challenge which Barclays hesitantly accepted 18 months later by setting up the BAS. Its subsequent development prompted Lloyds to follow suit with a similar service in 1976.

Though some senior bankers still find it difficult to admit criticism in public, Barclays was candid enough to do just that in its last annual report. "We have learnt from the service that Bolton was right: small firms do need financial advice," said Sir Anthony Tuke in his final statement as chairman before his retirement last April.

Through the BAS, Barclays offers a free appraisal—in the form of an in depth survey—of a company's entire financial position. It is carried out by one of the 45 specially trained experts—like Malcolm Forbes—who are dotted around the bank's 33 districts in the UK and who are called in with the mutual agreement of a customer and his local branch manager.

The idea is that the BAS manager builds up a picture of the company's objectives and problems, with special emphasis on costing and pricing, budgeting, cash flow forecasting, capital investment potential, asset management and book-keeping. Ideally he enables the businessman to take a fresh look at what he is doing and quite often new systems for financial controls will be devised.

About 7,000 surveys have been written since the service was established in 1973 with a further 20,000 short reports known as "mini surveys."

"I think in the early days we put in too much detail and possibly told customers a lot of things they already knew," says Forbes.

Forbes often finds that, besides a tendency to focus on the rear view mirror, the companies he meets have book-keeping systems that are not being fully exploited. More alarming, however, is the "confusion between profits and liquidity."

Although the BAS costs the customer nothing, Barclays is not spending £1.5m a year on it just to salve its conscience. Besides providing opportunities to introduce the bank's other services, the survey enables Barclays to learn more about its customers, brings a certain amount of goodwill and, most important, helps companies avoid getting into trouble.

"The emphasis is on helping healthy businesses which may have outgrown systems no longer appropriate," says Forbes. "It is all about communication," he adds.

"Traditionally banks have just tended to look at audited accounts and left it at that. They have sometimes had a rather inflexible attitude to collateral and the ratio of debt to equity. By learning more about our customers we can help break down these old-fashioned ideas."

In brief . . .

MANY good businesses with a sound idea slip up when preparing their financial case. This, at any rate, is what financial institutions always say. The Industrial and Commercial Finance Corporation (ICFC) provided some clear guidelines at a recent one-day conference on "*Starting Up in Business.*"

Robert Smith, ICFC's assistant general manager, gave a brief run down of what any lender will want to know. It may be text book stuff but guidelines help concentrate the mind.

Who are you? A description of products, markets, spread of customers, management, trading history, etc.

What do you want? How much, how long for? A cash forecast is essential and more useful than profit estimates.

Why do you want the money? e.g. buildings or plant (in which case a long-term loan will be appropriate), equipment with say a five-year life (leasing, HP), or working capital (overdraft). What is the effect of this on profits?

When is the cash required and when will it be repaid? Many borrowers want money in a hurry but this does not inspire confidence.

How will interest payments and capital repayments be made? What security is available within the company and outside (e.g. personal guarantees)?

Smith also talked about why, in his experience, small businesses fail. The reason was seldom technical. Production and marketing costs tended to be underestimated, he said; pricing and control of cash was often inadequate while failing to listen to outside advice was on other occasions the pride before the fall.

●

THE London Enterprise Agency (Lenta) and the Greater London Council are still keen to hear from budding entrepreneurs wanting to join their joint training programme in the New Year. It consists of four linked weekends over three months (starting January 15) and thanks to a GLC/Lenta subsidy the cost has been reduced to £150 (this includes tuition, counselling, all meals and accommodation for two weekends). The programme so far has led to the establishment of more than 100 businesses.

For further details contact the London Enterprise Agency, 69 Cannon Street, London EC4N 5AB (Tel: 01-248 4444 ext. 226).

MULTINATIONALS IN THE UK

Unsung heroes of Japan's invasion

THE conventional picture of Japanese miracle-working in the Welsh valleys has taken on a new dimension with the revelation that the key ingredient is almost invariably a British manager, rather than a Japanese.

While Japanese companies in the UK continue to be critical of the attitudes and skills of most British executives, a new study concludes that the majority rely heavily on a handful of exceptional local managers to bridge the "culture gap" between the two countries, and to adapt Japanese management practices to the local scene.

Where a senior UK national has not been employed, "then the employment practices have generally gone too far for British tastes," and have not succeeded, according to the study, which was carried out by the Confederation of British Industry.*

Conversely, Japanese ventures "have generally failed where the senior UK national has not seen Japanese practices as worthwhile," says the author of the study, Andrew Walker.

"This reliance on the senior British manager means that there could, in theory, be as many different management styles in Japanese companies as in any cross-section of British industry," says Walker. But in practice, employees in Japanese companies in the UK are managed in a remarkably similar style, he maintains.

This is due almost entirely to the type of UK national appointed to manage the company (usually in tandem with a *senior Japanese executive*), he suggests. After an exceptionally extensive and investigative search, the appointment generally goes to someone who is "constantly seeking consensus not conflict, unity not division, discipline not laxity, and commitment to the entirety of the company, not to a particular skill, facility or discipline."

Where senior managers do not belong to the "consensus-seeking" school of thought, Walker says that in the companies he visited they had invariably either left or the venture had failed.

Walker's conclusion is reinforced by the *fact that two of* the most successful Japanese manufacturers in Britain, Sony in Bridgend and Toshiba in Plymouth, have drawn their top UK executives from unusual *backgrounds*. When he was recruited in 1973, Sony's general manager, an engineer, was working for Glacier Metal—one of the most famous UK models for enlightened employee relations—while one of Toshiba's two top UK managers previously worked with a common ownership enterprise.

Though warning against the temptation to look for a "miracle ingredient" in Japanese management, Walker identifies six themes which are common to most of the 35 companies in the study (all of which are Japanese owned or part-owned, or have Japanese connections).

1. Dedication to the cause, "ie the company, the product, the people and the team." This shows in everything employees do, both at managerial level and on the shop floor.
2. Detail in pre-planning information, budgeting, reporting, and in every aspect of production "*so that people are* expected to get every detail of their job right, and indeed want to." Walker says most UK managers consider this zeal for detail to be excessive, but recognise that it is necessary in order for consensus to be achieved.

Virtues

3. Self-discipline in every respect.
4. Planning, with strategic and tactical plans discussed in detail with all those concerned in their achievement, so that everyone was committed to *them. This involvement* in the planning process operates at every level. In spite of the virtues of this approach, many British managers are frustrated at the time it takes to reach decision.
5. Best possible production and welfare facilities.
6. Pride in the product, and in other products made by the same company. "To let the team down by not producing top quality work to the highest standard would be a blow to personal pride and is therefore rarely seen."

* *Japanese Management in Britain. Employee Communication Unit, CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. Tel. 01-379 7400.*

Christopher Lorenz

TELEVISION

BBC 1

12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.0-2.12 When the Bough Breaks. 3.15 Dechrau Canu, Dechrau Canmol. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The Drak Pack. 5.00 John Craven's Newsround. 5.05 Codename Icarus.

5.40 News.

6.00 Nationwide (London and South East only).

6.25 Nationwide.

6.55 Angels.

7.20 The Rockford Files, starring James Garner.

8.10 High Hopes.

9.00 News.

9.25 Play for Today: "PQ 17" by Roger Milner, starring Richard Briers.

10.15 Joyce Grenfell 1910-1979 (programme celebrating Joyce Grenfell's many talents).

11.15 Norman St John-Stevas in Conversation.

11.45-11.50 News Headlines.

Chris Dunkley: Tonight's Choice

A very strong night for BBC-1. High Hopes is a film by Jonathan Gili about children who want to go on the stage and the parents who encourage them, though perhaps the parents' ambitions should be mentioned first. The children featured here include the five-year-old twins who both played the little boy in "Eye of the Needle" thus doubling legally permissible filming hours, and one of the 2,000 girls who auditioned for "Annie."

That's followed after 9 o'clock News by the "Play for Today," PQ17 in which Richard Briers plays Commander Jack Broome, senior officer of the destroyer flotilla escorting Russian convoy PQ17 which was ordered by the First Sea Lord to scatter, leaving the merchant ships to be decimated by the Germans.

Then comes a celebration of the late Joyce Grenfell with contributions from many who knew her: Joseph Cooper, Clive James, Cleo Laine, Celia Johnson and so on. I have never met anyone who knew her without admiring and liking her.

ITV offers the first of two programmes on successive nights featuring the work of choreographer Kenneth MacMillan. Tonight's is a documentary by Jack Gold, A Lot of Happiness, which follows MacMillan as he creates a short ballet for television set to music by Chopin and George Gershwin.

BBC 2

11.00 am Play School.
3.55 pm Antiques Roadshow.
4.35 Everybody's Doin' it.
4.55 In Search of . . . Etelred the Unready.
5.40 Daredevils of the Red Circle.
6.00 Grange Hill.
6.25 The Waltons.
7.10 News Summary.
7.15 A Question of Equality.
8.00 Top Gear.
8.30 Russell Harty with guests.
9.00 Georgie Fame in concert.
9.45 Arena.
10.45-11.35 Newsnight.

BBC2 Scotland only: 1.45-3.15 pm Rugby Union: Scottish North v The Australians.

LONDON

9.30 am The Renewable Tree. 10.20 Young Ramsay. 11.05 Welcome Back, Kotter. 11.30 The Further Adventures of Oliver Twist. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 World in Action. 2.00 After Noon Plus. 2.45 Rumpole of the Bailey. 3.45 Emmerdale Farm. 4.15 The Three Little Bops. 4.20 Get It Together. 4.45 Ace Reports, with Paul Henley, Stephanie Lasmett, Steve Steen and Jim Sweeney. 5.15 The Gaffer.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London, presented by Denis Tuohy.
7.30 World Freestyle Dancin' Championships.
8.30 Cowboys.
9.00 Brideshead Revisited.
10.00 News.
10.30 A Lot of Happiness.
11.45 Paris.
12.40 am Close: Sit Up and Listen with Claire Rayner.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
9.30 am Sesame Street. 10.30 Hands. 10.55 Cartoon Time. 11.15 Pro-Celebrity Ten-Pin Bowling. 12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Bygones. 11.45 The Jazz Series. 12.15 am Nazareth Was My Home.

ATV
9.30 am Larry the Lamb in Toytown. 9.45 The Wild, Wild World of Animals. 10.10 Young Ramsay. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 5.15 Mork and Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 The Gaffer. 11.45 ATV News. 11.50 Barney Miller. 12.20 am Something Different.

BORDER
9.30 am Thunderbirds. 10.20 Alphabet—The Story of Writing. 10.45 Friends of My Friends. 11.10 The Nature of Things. 1.20 pm Border News. 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 7.00 The Gaffer. 11.45 Border News Summary.

CHANNEL
12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Survival. 10.28 Channel Late News. 11.45 A New Kind of Family. 12.15 am Election '81, followed by Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.40 am First Thing. 9.45 Call It Macaroni. 10.05 Bailey's Bird. 10.35 Wild, Wild World of Animals. 11.00 Cities. 11.50 Larry the Lamb in Toytown. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 7.00 Diff'rent Strokes. 11.45 The Jazz Series. 12.15 am North Headlines.

GRANADA
9.30 am The Undersea Adventures of Captain Nemo. 9.35 Circus. 10.00 Spiderman. 10.20 A Big Country. 10.50 European Folk Tales. 11.00 Sesame Street. 1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 The Gaffer. 11.45 Lou Grant.

HTV
9.45 am Beachcombers. 10.10 Larry the Lamb in Toytown. 10.20 Spiderman. 10.40 Thunderbirds. 11.30 Paint Along with Nancy. 12.30 pm Gardening Today. 1.20 HTV News. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Islands of the Severn. 7.00 The Gaffer. 10.28 HTV News. 11.45 The Medicine Men.

HTV Cymru/Wales: as HTV West except: 12.00-12.10 pm y Llysiau Lion. 4.15-4.45 Camigam. 5.10-5.20 Scaredy Cat. 6.00 y Dydd. 6.15-6.30 Report Wales. 10.30 Gorau Gwerin. 11.15-12.15 am World in Action Special.

SCOTTISH
9.30 am Coral World. †10.20 Tuesday Matinee: "Jet Storm." 11.50 Abigail. 12.30 pm Gardening Today. 1.20 News and Road and Weather. 5.15 Tiddlers Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 11.45 Late Call. 11.50 Going Out.

SOUTHERN
9.30 am Lost Islands. 9.55 "Three Hats for Lisa," starring Joe Brown. 11.30 Out of Town. 1.20 pm Southern News. 2.45 Rumpole of the Bailey. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Give us a Clue. 7.00 The Gaffer. 11.45 A New Kind of Family.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 The Incredible World. 9.55 Cartoon Time. 10.05 Morning Movie: "Sands of the Desert." 11.30 The Fiddlers of James Bay. 1.20 pm North East News and Lookaround. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Gaffer. 10.30 North East News. 11.45 Going Out. 12.15 am A Good Tomorrow.

ULSTER
1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 The Gaffer. 10.29 Ulster Weather. 11.45 Bedtime.

WESTWARD
9.45 am Untamed World. 10.10 George Hamilton IV. †10.35 Laurel and Hardy in "Roughest Africa." 10.55 The Legend of Los Tayos. 11.45 Sally and Jake. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Mark It. 10.32 Westward Late News. 11.45 A New Kind of Family. 12.15 am Faith for Life. 12.20 West Country Weather.

YORKSHIRE
9.30 am Larry the Lamb. 9.40 Focus On Wildlife. 10.05 The Beachcombers. 10.30 Story Hour. 11.30 Out Of Town. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Gaffer. 1.45 George Hamilton IV.

RADIO

(S) Stereophonic broadcast.
† Medium wave.

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S) 8.00 Humbert Gregg says I Call It Style (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Kodaly (S). 10.00 Murray Perahia piano recital (S). 11.45 Haydn: "The Season" (S) Part 1. 1.00 pm News. 1.05 Six Continents. 1.25 Haydn: "The Seasons" (S) Part 2. 2.35 Violin and Piano (S). 3.25 Bach Harpsichord Music (S). 4.10 Hindemith oboe and piano recital (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Price of Victory. 8.10 "Baal" Opera in two acts by Friedrich Cerha, libretto based on Brecht (S). Act 1 Sc 1-12. 9.25 Interval Reading. 9.30 "Baal," Act 2 Sc 1-13. 11.00 News. 11.05-11.15 Grace Williams (S).

RADIO 4
6.00 am New Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife visits the Chesham and District Natural History Society. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Tom Jones by Henry Fielding (S). 4.00 Kenneth Matthews Looks Back. 4.15 A Job for Two. 4.45 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Cold Coast. 8.35 Antony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Wrinkles (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

FT COMMERCIAL LAW REPORTS

Creditor's right to charge on property

ROBERTS PETROLEUM LTD v BERNARD KENNY LTD (in liquidation)

Court of Appeal (Lord Brandon of Oakbrook, Lord Justice Cumming-Bruce, Dame Elizabeth Lane): December 11 1981

WHERE A judgment creditor, against whom no allegation of trickery is made, has obtained a charging order nisi against the judgment debtor's property, the court will generally be justified in exercising its discretion to make the order absolute, unless the debtor is insolvent and a scheme of arrangement with a reasonable chance of success has been set up by the main body of creditors.

The Court of Appeal so held when allowing an appeal by Roberts Petroleum Ltd (Roberts), judgment creditor, from Mr Justice Bristow, and restoring an order by which the district registrar made absolute a charging order *nisi* against property owned by Bernard Kenny Ltd (Kenny), judgment debtor in liquidation.

* * *

LORD BRANDON said that Kenny, which owned two filling stations, was a retailer of petroleum products which it bought from a number of different wholesalers, including Roberts. Kenny ran into serious financial difficulties and owed large sums of money to various wholesalers. Its largest debt was owed to Roberts.

Kenny and Roberts entered into negotiations to give Roberts a first legal charge on one of the filling stations to secure its debt. The negotiations broke down and Roberts issued a writ on Kenny, claiming £74,000. Meanwhile, other creditors obtained judgment against Kenny for £22,500.

Kenny engaged insolvency accountants who invited all the creditors, including Roberts, to a meeting. Three days before the meeting, Roberts entered judgment against Kenny for £74,000, and obtained from the district registrar a charging order *nisi*, charging Kenny's two filling stations with payment of its judgment debt.

At the creditors' meeting, Roberts and 12 other creditors were present. Their claims amounted to £95,000 and constituted about 95 per cent of the total trade claims against Kenny. The meeting was informed of the charging order *nisi* obtained by Roberts, and that Kenny was insolvent with an overall deficit of about £106,000.

*

The creditors agreed to a 56-day moratorium, subject to the withdrawal of the charging order proceedings by Roberts and subject to Kenny's being able to trade for cash without suffering any substantial loss in trading. At the close of the meeting it was left that Roberts would inform Kenny of its decision as to whether it would withdraw the proceedings within 48 hours, but Roberts, who did not agree with the plan, did not do so. As a result, Kenny held an extraordinary meeting at which extraordinary resolutions were passed that Kenny should be wound up, and appointing a liquidator.

Two days later, the charging order obtained by Roberts was made absolute by the district registrar. Kenny appealed to the judge in chambers who set aside the district registrar's order on the ground that, where a company was irretrievably on the road to dissolution, the consideration of obtaining equal treatment for all unsecured creditors became paramount, and a creditor who had obtained an advantage should not be allowed to keep it. Roberts now appealed against that decision.

The case involved a conflict between two well-established principles of law. The first was that a judgment creditor was, in general, entitled to enforce a money judgment lawfully obtained against a debtor by all or any of the means of execution prescribed by the rules of the court. The second principle was that, where a judgment debtor had become insolvent, all the unsecured creditors should be treated equally, each receiving the same proportionate share of the inadequate fund available.

*

Previous authorities appeared collectively to establish certain principles of law. In cases where a winding up order had not precluded a charging order from being made absolute, those principles could be summarised as follows: (1) The question whether a charging order *nisi* should be made absolute was one for the discretion of the court. (2) The burden of showing cause why the order should not be made absolute was on the judgment debtor. (3) For the purpose of the exercise of the court's discretion there was, in general, no material difference between the making absolute of a charging order *nisi* and a garnishee order *nisi*. (4) In exercising its discretion the court had the right and the duty to take into account all the circumstances of the particular case, whether such circumstances arose before or after the making of the order *nisi*. (5) The court should so exercise its discretion as to do equity, so far as possible to all the various parties involved, that was to say, the judgment debtor, the judgment creditor, and all unsecured creditors.

(6) The following combination of circumstances would generally justify the court in exercising its discretion to refuse to make the order absolute: (i) the fact that the judgment debtor was insolvent, and (ii) the fact that a scheme of arrangement was set on foot by the main body of creditors and had a reasonable prospect of succeeding. (7) In the absence of the latter combination of circumstances, the court would generally be justified in exercising its discretion to make the order absolute.

*

In summarising the relevant principles in that way, his Lordship deliberately confined himself to cases like the present, in which no allegation of trickery was made against the judgment creditor.

The judge in chambers had misdirected himself in law in holding that the fact that Kenny was insolvent and irretrievably on the road to liquidation was sufficient reason for refusing to make the charging order absolute. It was therefore the right and the duty of the Court of Appeal to exercise its own discretion anew.

It was accepted that Kenny was insolvent and on the road to liquidation. The question was whether there was any other significant factor in the case, and in particular, whether there was a scheme of arrangement agreed to by the main body of creditors which had a reasonable chance of success.

The evidence showed that the agreement between most of the creditors was subject to the two conditions that Roberts should withdraw the charging order proceedings, and that Kenny would be able to trade for cash without any substantial loss in trading. There was no certainty that those conditions would be satisfied. Also, as 45 per cent of the total claim was owed to Roberts, it was difficult to regard the other creditors as being the "main body" of creditors.

It was impossible, on that evidence, to say that there was in existence a well-advanced scheme of arrangement set up by the main body of creditors, which had a reasonable chance of success. There was no more than a tentative plan agreed to by creditors all of whose claims added together, amounted to only about 55 per cent of Kenny's total trade debts. That tentative plan might or might not have a reasonable chance of success. The evidence went nowhere near to establishing that it did.

In the circumstances of the case, the court should exercise its discretion by restoring the district registrar's order and making the charging order absolute.

Lord Justice Cumming-Bruce and Dame Elizabeth Lane agreed that the appeal should be allowed.

For Roberts: Anthony Hidden, QC, and Paul Miller (Collyer-Bristow, agents for Sergeant and Collins, Scunthorpe).

For Kenny: Andrew Morritt, QC, and Michael Crystal (R. C. Moorhouse and Co., Leeds).

By Rachel Davies
Barrister

TECHNOLOGY

EDITED BY ALAN CANE

Cable TV future 'in balance'

BY ELAINE WILLIAMS

THE LONG-TERM future of Britain's cable television *industry is hanging in the* balance. It needs to invest heavily to replace its ageing cable networks but is reluctant to commit itself to capital expenditure without relaxation of Government controls which, it says, are restricting growth.

At the beginning of November, the Cable Television Association wrote to Mr William Whitelaw, Home Secretary, expressing concern about the future of the industry and calling for a relaxation on restrictions which would allow the operators to run new types of services.

With an assurance of this kind from the Government, operators would be prepared to undertake the costly task of improving the cable networks.

This would allow the installation of high capacity cables to provide upwards of 50 different services ranging from community television programmes, educational services, two-way burglar alarms, provision of banking services, to electronic shopping.

Investing for the future will not be cheap. In 1978 estimates were that the cost of laying in a national cable system would cost £1.5bn, which is nearer £3bn today and would take many years to complete.

However, it is believed that in a system for an average-sized town it would cost cable companies about £400 to £500 per family assuming that 50 per cent of the population subscribed to the system.

Britain's cable system is old and there has been no significant investment in networks for the past seven or eight years and companies are unlikely to commit themselves to improving them unless Government policy is changed to encourage the growth of new services over cable.

The bulk of cable was installed between 1955 and 1964 and a high proportion—about 70 per cent—is high frequency multipair cable which allows a maximum of only four television channels.

Licenses

With the exception of the experimental subscription service which carries recent feature films, the Home Office licenses cable operators to offer only the BBC and IBA programmes, which will include ITV-2 when it starts boardcasting next year.

But cable operators believe that the Government must loosen its tight grip over the running of the networks; otherwise the industry is doomed to rapid decline.

British operators look longingly across the Atlantic to the U.S. where cable television is enjoying *incredible growth.*

Already subscribers are offered a variety of new services and some cable operators have experimented with two way communication along the cable to provide viewers' response to local issues, and so on and to order shopping over the network.

Future investment involves not only laying new cables under the road but equipment such as computers to control the new services.

For example, a computer at the cable operator's headquarters would be used to bill customers automatically for each service used, and to keep lists of viewers who order goods or other services through the network.

In the home, subscribers would not only need the adaptor which connects them into the cable network but a special keyboard to select each service and communicate with the computer.

Cable operators argue that supporting cable is not only important for the survival of the industry but will also be vital to the growth of direct broadcast satellites. They say that the role cable will play in satellite broadcasting has been underestimated.

In the Government report *Direct Broadcasting by Satellite* published earlier this year, it is *suggested that 500,000 people* would watch programmes received directly from space via individual dish aerials on home roofs after three years.

Cable companies say that if they were allowed to distribute satellite programmes, even the existing cable system would immediately offer a potential audience of 4.5m homes.

Government estimates on the cost of dish aerials to receive direct space broadcasts are about £200 each but cable operators says the cost will be double especially in the early days of the service.

It is also questionable how many homes will be in direct line of sight of the satellite so that other means of distributing the television signals will be needed.

Ironically, Britain was the first country to use cable in the 30s to distribute radio programmes. After the Second World War television was piped down the same wires.

Cables were used because there were insufficient transmitters to reach all parts of the UK and some mountainous areas suffered from poor reception.

However, in the 60s the UHF transmitter network was dramatically expanded reducing the need to serve homes by cable and for the past 10 years the cable industry has seen little growth, but has, inevitably, been hit by the rising cost of maintaining its equipment.

2.5m homes

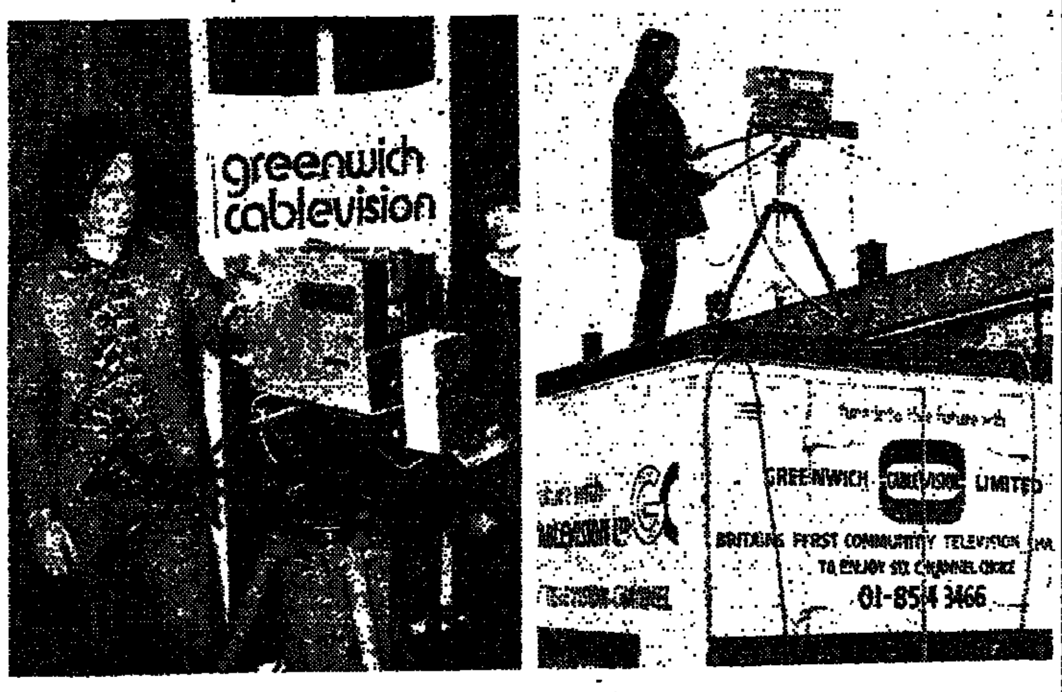
According to one cable expert the decline in cable television could be extremely rapid—falling to less than 20 per cent of its present size by 1985.

Today, some 2.5m homes are connected to cable television spread over 2,250 different networks. According to the Cable Television Association about 1.5m are in the commercial sector, the remainder are non-commercial and include networks operated by cable companies for local authorities.

A further 2m homes are close to cable networks and could be connected without significant capital cost.

If Britain does commit itself wholeheartedly to developing cable television services within the near future, it could place British cable and equipment makers in a strong position to attack the growing cable television markets in Europe.

If not, Europe will look to the U.S. for its technology and Britain's industry will face a sharp decline.



Heady days in Greenwich, one of the UK's earliest cable television projects. Now the industry is losing patience.

Recycling slag from steelmaking

NIPPON KOKAN has built a plant to recycle waste slag produced during the production of steel using the basic oxygen furnace process at its Fukuyama site in Japan.

This is believed to be the first plant in the world capable of recycling 20,000 tons of slag a month for use in the construction industry.

The company says that although technologies have been developed to recycle almost all the slag generated through blast furnace operation, BOF slag has caused a particular problem because it easily disintegrates and effloresces.

The process involves the use of high pressure air blown over the molten slag. This cracks the material into small particles, and a boiler recovers the heat of the air.

After cracking, the slag forms into particles less than 3mm in diameter which can be used in construction materials

GEC shakes to prove its point

BY ALAN CANE

THEY MAKE earthquakes at GEC's Whetstone research centre; small, controlled earthquakes in the laboratory, that is, to prove the soundness of key components for the UK's nuclear power stations.

The components, switchgear, valves and the like, are lashed to a giant metal table and shaken until the Whetstone researchers are content the parts will pass the Central Electricity Generating Board's most stringent requirements.

Prediction, measurement and analysis of shock and vibration is a major area of research at Whetstone, one of the principal GEC research laboratories.

Situated just outside Leicester, the complex of redstone buildings and "Portacabins" is both manufacturing site and research centre.

Together with the Stafford laboratory, Whetstone is responsible for servicing the research needs of the companies in the GEC group in mechanical engineering. The Hirst and Baddow laboratories look after electronics and communications.

Most of the GEC companies have their own research operations; the research centres are called in only when their special expertise is required.

And that special expertise includes the ability to predict what will happen inside the gear box of a naval frigate when a mine explodes beneath it.

GEC Marine and Industrial Gears of Rugby, working with Cantieri Navali Riuniti of Genoa, last year won a contract to manufacture the propulsion gearboxes of eight gas turbine driven 3,000 tonne anti-submarine frigates for the Italian Navy.

The final contenders were GEC and Maag, of West Germany, the Italian's traditional supplier. Once GEC and Cantieri had pocketed the order they had to prove to the Italian's satisfaction—and the Italian Navy is a tough task master—that the gear box and gear train—a massive structure some 10 feet by 10 feet by 20 feet—could withstand severe shocks from nearby explosions.

The analysis was complicated by the fact that the frigates were intended for anti-submarine work and therefore had to run quietly.

Smooth, quiet gears mean efficient lubrication and high quality gear cutting, but noise can also be reduced by introducing a little flexibility into the gearbox structure.

Such a gearbox is much more complex and difficult to analyse using conventional computer techniques than a rigid structure.

So GEC was faced with three alternatives: first, build the entire gearbox and set a mine off under it—that was ruled out as impractical. Second, use finite element analysis, a technique with which it is possible to model the response of an entire structure by considering the stresses and strains on small, regular elements of the whole. That was rejected because of the time involved in setting up and preparing the data—furthermore, it was going to prove impossible to analyse backlash in the gears.

So the Whetstone team under Nigel Ramsden, head of the structural dynamics and data analysis group, set about building a faithful, one-fifth size model of the gearbox. True, the gears lacked teeth, but in all othr respects the model was true to life.

Even then, it was not possible simply to shake the model on the table—as the dimensions became smaller so the frequencies generated by the hypothetical explosion would become *greater, and it was impossible* to generate such vibration on the table.

The answer—and Whetstone believes it has made a significant advance in transient vibrational analysis here—was to shake the model on the table under computer control over a wide range of *individual* frequencies, measuring the accelations produced at 140 points on the model using hand held accelerometer probes.

Taking the known physical characteristics of the model into consideration and using computers to carry out the awkward methematics, it was possible by summing, or superimposing, the response for individual frequencies, to build a mathematical model of the full-scale gearbox and its response to shock.

The Whetstone team were able to tell the gears company late last year that their gearbox would meet the Italian specification. "Only just" according to Nigel Ramsden "but that is good engineering."

The first of the new "Maestrale" class frigates has now been commissioned and has undergone sea trials.

The gear boxes have proved to have low noise levels, going to show, according to Nigel Ramsden "that you can have the best of both worlds — low noise and shock resistance — but it does require a certain amount of effort."

He points out that the method can be applied to other naval hardware: "Diesel engines and other large scale equipment already in existence can be tested (operating if necessary) without recourse to models to provide the basic data from which the shock behaviour can be predicted."

Office tech group established

A FEW companies bewildered by the burgeoning office automation industry have set up an organisation called "office of the Future Information Exchange" to share experiences about the techniques.

The new body is particularly concerned with attracting small to medium sized businesses which are in the early stages of office automation.

The exchange hopes to build up information on the types of systems available, how systems were chosen and the problems and benefits experienced by existing users.

Existing members hope that through the exchange, the viewpoint and the needs of users, rather than equipment suppliers, can be promoted. Further information from Info*logistix on 0376 21909.*

Bank cards

CAMBRIDGE CONSULTANTS, has developed a system which can detect errors encoded onto banking and security cards.

Developed for Midland Bank, it is hoped that the monitoring system will cut down the amount of time taken to reprocess faulty cards.

FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD The Association of International Bond Dealers

at 30th November 1981

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues.

These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month.

There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres.

Membership of the AIBD (which was established in 1969) comprises over 550 institutions from about 30 countries.

Eurobonds in November

BY OUR EUROMARKETS STAFF

EARLY NOVEMBER saw a most unusual phenomenon in the eurodollar bond market. For the first time in many years two new fixed rate issues—for the Canadian Province of Saskatchewan and for the utility Newfoundland and Labrador Hydro—were actually priced above par.

This was made possible by a sudden burst of confidence fuelled by declining interest rates in the U.S. Trading volume in the eurobond market soared to record levels as dollar bonds gained 2½ points in the first week of the month alone.

Background factors were a decline of 1½ points to 14¾ per cent in six months eurodollar rates, the strength of the New York bond market and growing signs of recession in the U.S.

Unlike previous rallies, however, this one was not immediately aborted by an overwhelming spate of new issues. For once it seemed that borrowers were prepared to wait for lower coupons before flooding into the market.

Dollar eurobond yields also declined more slowly than yields on domestic U.S. bonds, enhancing the relative attractiveness of the U.S. market as a source of funds.

So great was the strength of the market that the Life Company of Japan actually went ahead with the launch of a $25m, 15 year convertible issue. This was the first Japanese convertible bond to come on offer since September, when the sector was effectively closed as a result of a deluge of new issues.

The rally in the eurodollar market continued throughout the first half of the month, with prices moving up almost another four points in the second week.

Short-term interest rates fell further, with Federal Funds in New York slipping below 13 per cent and six months eurodollars shedding another 1½ points to 13⅞ points. Prime rates were cut to 16½ per cent from 17 per cent by leading U.S. banks as the recession appeared to deepen with a decline in U.S. industrial production in October.

In the first half of November $1.2bn of new fixed interest eurodollar paper came on to the market, but the star performer was a seven year issue for the U.S. chemical concern DuPont, launched at first as a $250m offer.

This issue was launched on November 12 with an indicated coupon of 14¾ per cent. Two hours later the coupon was cut to 14½ per cent and by the time the New York bond market opened the issue had been increased to $400m.

As the month progressed, however, the market began to consolidate.

Volume was still high—Euro-clear, the bond clearing house in Brussels, reported that it settled securities transactions with a par value of a record $9.86bn in the week to November 20. But prices closed only ¼ point up and for the first time in the month the market was affected by limited profit-taking.

It became much harder to price new issues and a tap issue for the Kingdom of Sweden led by S. G. Warburg had its indicated yield changed twice before it was fixed at a final 14.86 per cent. The rally, although by no means over, was in need of a recharge.

This came midway through the final week of November with news of further prime rate cuts, although quiet trading around the U.S. Thanksgiving holiday confined average price rises to less than a point on the week.

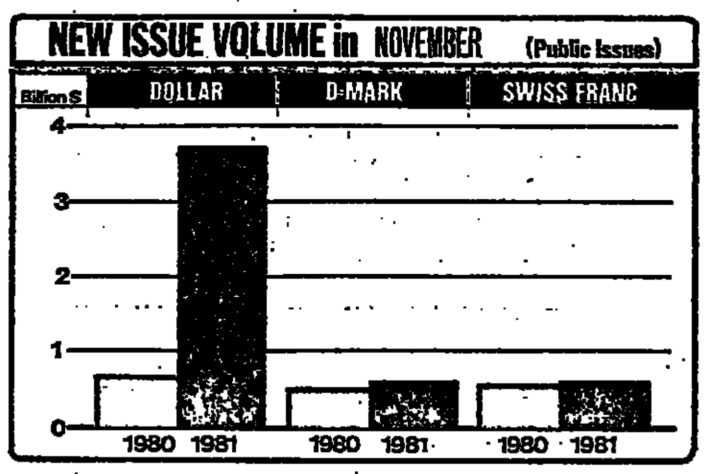
Continental bond markets also came under the thrall of the New York bond market. Early in the month D-Mark sector saw a record coupon of 11½ per cent on a bond for Venezuela. This was not representative, however, as it merely reflected the exotic risk involved. The paper moved rather slowly, although elsewhere in the market foreign bonds gained around ½ points over the first week of the month.

Quebec Hydro was able to raise the amount of its bond issue to DM150m from an originally planned DM100m, and by November 20, New Zealand was able to launch a bond with a coupon of only 9¾ per cent, the lowest in several months.

In spite of some hesitancy in the secondary market, confidence in the underlying strength of the D-Mark sector really emerged with the record DM1.2bn calendar of new issues set by the West German capital markets sub-committee for the week to December 14.

Prices in the Swiss Franc sector rose by an average two points in the first week of November, helped by the ½ point cut in banks' rates for short-term time deposits. This favourable trend continued into the third week of the month, with prices up on average by ¾ points in spite of the slight weakening of the Swiss Franc against the dollar.

By the end of the month this market had, along with others, entered a consolidation phase.



COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY dataSTREAM International Ltd

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The table of quotations and yields gives the latest rates available on November 30, 1981. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will take in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

US DOLLARS—ALGERIA

US DOLLARS—ARGENTINA

US DOLLARS—AUSTRALIA

US DOLLARS—AUSTRIA

US DOLLARS—BELGIUM

US DOLLARS—BOLIVIA

US DOLLARS—BRAZIL

US DOLLARS—CANADA

US DOLLARS—CANADA (CONTINUED)

US DOLLARS—DENMARK

US DOLLARS—DENMARK (CONTINUED)

US DOLLARS—FINLAND

US DOLLARS—FRANCE

FRENCH FRANCS (CONTINUED)

KUWAITI DINARS (CONTINUED)

LUXEMBOURG FRANCS (CONTINUED)

STERLING/DM

CONVERTIBLES—AUSTRALIA

CONVERTIBLES—CANADA

CONVERTIBLES—DENMARK

CONVERTIBLES—FRANCE

CONVERTIBLES—JAPAN

Amount issued / Amt. out (mil)	Year of issue / Issue price	Borrower / Coupon Maturity		Price	Yield to maturity / to average life	Current yield
		US DOLLARS-SWEDEN (CONTINUED)				
30 / 21.6	1976 / 100.00	UDDEVALLAVARVET 7.75 1/12/1985	7	90 3/8	13.83 / 18.71	8.76
23 / 18.0	1977 / 100.00	UDDEVALLAVARVET 7.75 15/ 9/1984	7	81 3/4	16.36 / 17.82	9.48
25 / 19.0	1972 / 100.50	VOLVO 8.00 1/ 9/1987		70 1/2	16.24 / 19.96	11.35
35	1977 / 100.00	VOLVO 8.00 1/ 3/1987		70 3/8	16.92	11.37
25	1975 / 99.50	VOLVO 9.50 1/ 3/1985		84	16.15	11.31
		US DOLLARS-SWITZERLAND				
75	1977 / 100.00	FIAT FIN CORP 8.00 1/ 8/1982		95 5/8	15.15	8.37
35 / 21.0	1972 / 98.50	SWISS ALUMINIUM AUST LTD 8.00 1/ 7/1987		82 1/4	12.58 / 15.66	9.73
		US DOLLARS-VENEZUELA				
100	1977 / 99.00	VENEZUELA,REPUBLIC OF 7.875 15/ 6/1982	S	97 1/4	13.73	8.26
100	1977 / 99.50	VENEZUELA,REPUBLIC OF 8.00 15/ 2/1984		83 1/8	17.84	9.62
100	1977 / 99.75	VENEZUELA,REPUBLIC OF 8.125 15/10/1984	S	85 1/2	14.98	9.73
30 / 30.0	1977 / 99.50	VENEZUELA,REPUBLIC OF 8.75 15/10/1992	S	69 1/4	14.95 / 17.48	13.09
100	1981* / 100.00	VENEZUELA,REPUBLIC OF 15.625 1/ 5/1986	S	102	15.34	15.91
25 / 8.2	1972 / 100.00	VENEZUELA TEL 8.25 15/12/1987	S	77	14.51 / 17.17	11.00
		US DOLLARS-UTD KINGDOM				

[illegible]

Issued/ Est. O/S (amt)	Year of issue/ Issue price	Borrower/ Coupon maturity	Price	Yield to maturity/ Yld. to avge life	Current yield
		US DOLLARS—FLOATING RATE (CONTINUED)			
125	1981* 100.00	PETROLEOS MEX R88 6:1/4 17.00 8/ 4/1991 S	98 3/4		17.22
100	1979 100.00	PHILIPPINES,REP 6.5:1/4 16.813 28/10/1986 S	97		17.33
20	1979 100.00	PICA 7:1/2 19.688 8/ 2/1986 S	99 3/4		19.74
25 22.5	1977 99.00	PRIVREDNA BANKA 8:1-1/4 19.125 6/ 1/1985 S	97 1/2		19.62
50 50.0	1978 100.00	PRIVREDNA BANKA 8:7/8 18.25 22/12/1986 S	89 7/8		20.31
30	1976 100.00	ROYAL BANK-SCOT 7.75:1/4 14.375 6/ 5/1983 S	101 3/4		14.13
75	1979 100.00	ROY SCT R86(2)* 5.25:1/4 15.938 11/ 7/1994 Q	100		15.94
30	1981* 100.00	SANWA INT FIN 5.25:1/8 17.25 24/ 9/1988 S	100 3/8		17.19
100	1981* 100.00	SEC PACIFIC R88 5.25:1/8 13.25 24/11/1991 S	99 3/8		13.33
70	1981* 100.00	S.F.E. INTL BV 5.5:1/4 13.375 19/11/1988 S	98 3/8		13.56
50 41.0	1978 100.00	S.F.T.E. 8:3/4 17.50 3/ 4/1983 S	101 1/2		17.24
50 48.0	1980 100.00	S.F.T.E. 6.5:1/4 18.375 15/ 3/1986 S	99		18.56
50 48.0	1980 100.00	S.F.T.E. 6.5:1/4 17.75 2/ 7/1990 S	97 1/8		18.28
20	1979 100.00	SOC CENT DE BQUE 6.5:1/4 18.688 3/10/1987 S	100 7/8		18.53
60	1977 100.00	SOCIETE GEN * 3/8 18.375 1/10/1984 S	101 3/8		18.08
50	1979 100.00	SOCIETE GEN * 5.25:1/4 16.063 12/ 7/1991 Q	99 3/4		16.10
100	1981* 100.00	SOGEN R85/88 5.25:1/8 18.625 22/ 7/1991 S	99 3/8		18.74
20	1979 100.00	SOGENAL EUI * 5.75:1/4 18.438 13/ 7/1989 S	99-1/2		18.53
50 50.0	1979 100.00	SONATRACH 7.5:1 19.875 13/ 2/1991 S	100 1/2		19.78
50	1978 100.00	SONATRACH R86(2) 7.25:1/4 18.50 7/12/1992 S	99 3/4		18.55
25	1980* 100.00	SPAREBANKEN 6:1/4 16.813 19/12/1987 S	99		16.98
50	1977 100.00	STANDARD CHART 6.25:1/4 12.938 31/ 5/1984 S	100 1/8		12.92
200	1978 100.00	STANDARD CHART 5.5:1/4 19.00 10/ 8/1990 S	100 3/4		18.86
75	1980 100.00	STANDARD CHART 5.25:1/4 19.063 6/ 3/1990 S	100 7/8		18.90
100	1981* 100.00	STANDARD CHART 5.25:1/8 13.313 18/11/1991 S	99		13.45
50	1980 100.00	STATE BK INDIA 6.75:1/4 12.938 29/ 5/1987 S	98 3/4		13.10
30	1981* 100.00	SUMITOMO FIN 5.5:1/8 19.563 6/ 8/1988 S	100 1/2		19.47
30	1979 100.00	SUMITOMO HEAVY 5.5:1/4 18.813 13/ 9/1984 Q	100 1/4		18.77
20	1978 100.00	SUNDSVALLSBANKEN 6:1/4 17.00 4/10/1985 S	100 3/4		16.87
35	1980 100.00	SVENSKA HANDELSBK 5:1/4 18.125 13/ 7/1987 S	100 1/8		18.10
150	1979 100.00	SWEDEN,KINGDOM* 1/4 16.50 18/10/1991 Q	99 1/4		16.62
85	1981* 100.00	ZAMBIA 9.5:1/4 19.688 27/ 7/1989 S	99		19.89
35	1979 100.00	TEXAS INT AIR CAP 7:3/4 17.063 11/ 4/1986 Q	85		20.07
25	1979 100.00	THAI FARMER INT 7.25:1/4 18.00 21/ 6/1984 S	99 1/4		18.14
30	1979 100.00	THAILAND,KINGDOM 7:1/4 18.188 15/ 3/1984 S	99 1/2		18.28
40	1979 100.00	TRADE DEV FIN SERV 6:1/4 19.125 21/ 8/1986 S	100 1/2		19.03
30	1979 100.00	TVO POWER (D-LOCK) 9:1/4 12.938 24/ 5/1991 S	94 3/4		13.65
25	1977 100.00	U.B.A.F. 7.25:1/4 17.75 7/12/1982 S	100 1/8		17.73
25	1977 100.00	U.B.A.F. 6.75:1/4 17.938 23/ 3/1982 S	100 1/4		17.89
65	1979 100.00	U.B.A.F. 5.5:1/4 18.063 9/ 1/1990 S	98 5/8		18.31
30	1977 100.00	UNION BK-FINLAND 6.5:1/4 16.813 20/ 4/1982 S	100 1/2		16.73
20	1980* 100.00	UNION BANK NORWAY 6:1/4 18.125 8/ 1/1989 S	99 1/4		18.26
25	1978 100.00	UNITED OVERSEAS BK 6:1/4 14.438 4/ 5/1983 S	100 5/8		14.35
25	1979 100.00	UNITED OVERSEAS BK 6:1/4 18.375 29/ 3/1989 Q	99 1/2		18.47
25	1976 100.00	URQUIJO INTL 7.25:1/4 18.063 21/12/1981 S	99 7/8		18.09
30	1979 100.00	URQUIJO INTL 6:1/4 17.75 21/ 3/1986 S	100 3/4		17.62
75	1981* 100.00	VIZEO EBL 8:5/8 19.00 21/ 7/1988 S	96		19.79
25	1980* 100.00	JIM WALTER INT 6:1/2 18.375 15/ 1/1988 S	97 1/2		18.85
40	1977 100.00	WILLIAMS & GLYN 6.5:1/4 19.50 28/ 2/1984 S	101 3/4		19.16
75	1979 100.00	WILLIAMS & GLYN 5.25:1/4 18.375 14/ 9/1991 S	100 7/8		18.22
30	1981* 100.00	ZENTRAL UND KOM 5.25:1/4 18.063 9/ 7/1991 S	99 1/2		18.15
		AUSTRALIAN DOLLARS			
15	1976 99.25	AUSTRALIAN IND DEV CORP 10.00 1/10/1983	89	17.43	11.24
30	1980 99.50	AUSTRALIAN IND DEVT CORP 12.25 15/10/1985	88 1/2	16.46	13.84
30	1977 100.00	AUSTRALIAN RESOURCES 10.00 1/12/1982	92	19.34	10.87
		AUSTRALIAN DOLLARS (CONTINUED)			
15	1978 100.00	CITICORP O/S FIN 10.50 13/ 2/1983 R88	92	18.32	11.41
15	1979 99.50	CITICORP O/S FIN 11.00 1/ 2/1984 R89	95	14.95	11.83
12	1978 100.00	BANK OVERSEAS HOLDINGS 11.50 1/ 7/1983	93	16.72	12.37
		AUSTRIAN SCHILLINGS			
150 45.0	1971 98.50	ASIAN DEVELOPMENT BANK 7.00 20/12/1983 S	97	8.81 12.15	7.35
350 326.7	1979 99.50	EUROFIMA 8.00 4/12/1994	85 7/8	9.99 11.18	9.32
400	1978 99.80	EUROPEAN INVESTMENT BANK 7.75 22/12/1986	87 7/8	10.99	8.82
350 291.7	1976 97.25	EUROPEAN INVESTMENT BK P 8.00 20/10/1986	94	9.58 10.50	8.51
500	1979 99.50	EUROPEAN INVESTMENT BANK 8.00 28/12/1989	84 7/8	10.91	9.43
300 300.0	1976 97.25	INTER-AMERICAN DEV BK D 8.00 17/12/1986	92 3/8	9.99 11.66	8.66
400	1979 99.50	INTER-AMERICAN DEV BANK 8.00 21/12/1989	84 3/4	10.94	9.44
1	1980 99.50	WORLD BANK 8.00 1/ 2/1990	86	10.64	9.30
		BAHRAINI DINARS			
12 12.0	1977 100.00	NAT ALGERIE NAV 8.75 1/ 8/1987 R82	92	10.68 11.92	9.51
15 15.0	1977 100.00	PETROLEOS MEXICANOS 8.75 15/11/1987 R82	91	10.88 11.71	9.62
		CANADIAN DOLLARS			
25	1977 99.50	AMERICAN HOSPITAL SUPPLY 8.75 15/10/1984	86	15.07	10.17
20	1977 100.00	AVCO FIN SERV-CANADA 9.50 1/ 8/1982	93 7/8	19.82	10.12
25	1979 99.25	AVCO FIN SERV-CANADA 10.25 15/ 3/1986	79	17.32	12.97
50	1980 100.00	BANKMONT REALTY CO 12.75 15/ 9/1988	90 3/8	15.07	14.11
10	1979 100.00	BANK OF BRITISH COLUMBIA 10.25 15/ 3/1989	93 1/2	11.57	10.96
50	1976 100.00	BANK OF MONTREAL 9.00 15/ 9/1982	93	19.16	9.68
30	1977 99.75	BANQUE CANADIENNE NAT 8.25 15/ 2/1982	97 3/8	21.72	8.47
15	1976 100.00	BANQUE CANADIENNE NAT 9.25 15/ 4/1982	97 1/8	17.29	9.52
20	1976 99.50	B.C CENTRAL CREDIT UNION 9.75 22/12/1981	99	27.08	9.85
25	1977 100.00	BN-BT 8.75 1/ 6/1982	96 1/8	17.05	9.10
60	1979 100.00	BELL-CANADA 10.75 1/10/1986	90	13.68	11.94
30	1977 99.00	BENEFICIAL FIN INT 9.00 15/ 3/1984	91	13.96	9.89
25	1975 100.00	BENEFICIAL FIN INT R79 9.75 15/12/1982	93 3/4	16.74	10.40
25	1977 100.00	BRITISH COLUM MFA R85(3) 9.00 1/ 6/1997	84	11.20	10.71
25	1975 99.00	BRITISH COLUMBIA M.F.A 9.25 30/ 6/1982	95	18.70	9.74
24	1979 100.00	BRITISH COLUM MFA R89/94 10.25 15/ 5/1999	76 1/2	13.86	13.40
20	1976 99.00	CALGARY POWER 9.75 15/ 5/1982	96 3/8	18.19	10.12
35	1977 100.00	CANADIAN ACCEPTANCE P 9.375 15/10/1982	92 3/4	19.01	10.11
60	1980 100.00	CANADIAN IMP BK COMMERCE 11.50 15/ 7/1985	85 1/2	17.11	13.45
50	1980 99.50	CANADIAN IMP BK COMMERCE 13.50 15/ 5/1985	97 3/8	14.43	13.86
60	1977 99.25	CANADIAN NAT RAIL CO 8.875 1/ 3/1987	80 1/4	14.46	11.06
35	1976 100.00	CANADIAN PACIFIC SECS 9.25 15/ 4/1983	92	16.05	10.05
25	1977 100.00	CHRYSLER CREDIT - CANADA 9.25 15/ 6/1982	85	45.28	10.88
30	1976 99.00	CHRYSLER CREDIT - CANADA 9.50 15/10/1982	85	31.47	11.18
30	1977 100.00	CREDIT FONCIER F-CAN 8.75 15/ 2/1982	97 3/8	22.20	8.99
30	1979 100.00	CREDIT FONCIER F-CAN 10.375 15/ 9/1984	86 1/2	16.76	11.99
15	1977 100.00	DRESSER IND (CANADA) P 8.50 15/ 3/1982	95	27.75	8.95
50	1976 100.50	EUROPEAN COAL & STEEL 9.00 15/ 3/1983	91 1/2	16.72	9.84
25	1977 100.50	EUROPEAN COAL & STEEL 9.00 15/ 4/1984	88 1/2	15.03	10.17
50	1979 100.00	EXPORT DEVELOPMENT CORP 10.00 15/ 5/1984	87 1/2	16.49	11.43
60	1980 100.00	FEDERAL BUSINESS DEV BK 11.50 15/ 7/1990	82 1/8	15.33	14.00
40	1981* 99.25	FEDERAL BUSINESS DEV BK 17.75 30/10/1986	107	15.38	16.59
50	1979 100.50	FIRST CANADIAN INVEST 10.00 15/ 5/1984	89 1/8	15.36	11.22
20	1977 100.00	FORD MOTOR CREDIT-CANADA 8.50 15/ 5/1984	85 3/4	15.86	9.91
20	1977 99.50	FORD MOTOR CREDIT-CANADA 8.75 15/ 5/1987	68 1/2	18.29	12.77
50	1976 99.50	FORD MOTOR CREDIT-CANADA 9.25 1/ 2/1983	91	18.37	10.16
40	1976 100.00	FORD MOTOR CREDIT-CANADA 9.50 15/ 7/1982	94 7/8	18.38	10.01
10	1975 100.00	GENELCAN D 9.50 1/12/1982	91	20.30	10.44
25	1977 100.00	GENERAL FOODS LTD 8.50 1/ 3/1984	90	13.35	9.44

Issued/ Est. O/S (amt)	Year of issue/ Issue price	Borrower/ Coupon maturity	Price	Yield to maturity/ Yld. to avge life	Current yield
		US DOLLARS—GERMANY (CONTINUED)			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

30th NOVEMBER 1981 WestLB Euro-Deutschmarkbond Quotations and yields

Advertisement

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
8% ADELA 76/83	92.00	8.70	14.94	1.33	1. 4.83
7¼% ADELA 77/82 PP	94.50	7.67	18.51	0.54	16. 6.82
7% ADELA 77/82 PP	93.30	7.49	17.98	0.67	1. 8.82
7¾% African Dev. Bank 79/86	83.26	9.31	12.84	4.50	1. 6.86
8% African Dev. Bank 78/87	84.25	8.50	11.84	5.92	1.11.87
6½% Airport Paris 68/84 PP (G)	93.75	6.93	10.58	1.74	1. 3.75—84D
9% AKZO 75/82 PP	99.50	9.05	11.75	0.17	1. 2.82
7¾% AKZO 76/83 PP	94.25	8.22	12.08	1.50	1. 6.83
6% AKZO 78/84 PP	89.50	6.70	11.33	0.17	1. 4.84
6½% AKZO 79/86 PP	83.50	7.78	11.62	4.25	1. 3.86
9% AKZO 80/90	98.00	9.18	9.33	8.46	15. 5.86—90S
8¼% Alusuisse Int'l. 75/83	98.15	8.41	9.94	1.15	1. 8.81—83D
5½% American Expr. Int'l. 79/87	84.50	6.51	9.45	5.12	15. 1.87
6¾% AMEX Int'l. 77/84 PP	92.00	7.34	10.77	2.33	1. 4.84
7¾% ARBED Finance 76/83 PP	93.00	8.33	12.03	1.92	1.11.83
6¾% ARBED Finance 77/87	83.50	8.08	10.87	5.50	1. 6.83—87S
7½% ARBED Finance 79/86 PP	81.00	9.26	13.02	4.83	1.10.86
9% ARBED Finance 80/87 PP	89.75	10.03	11.59	5.50	1. 6.87
6¾% Ardal-Sunndal 77/89 PP	87.50	7.71	10.90	3.81	1. 7.82—83D
10¾% Ardal-Sunndal 81/89	102.25	10.51	10.28	7.57	1. 7.89
7½% Argentine 77/84	86.50	8.67	13.52	2.83	1.10.84
6½% Argentine 78/85	82.75	7.85	13.35	3.25	1. 3.85
6½% Argentine 78/88	76.00	8.55	13.64	4.79	1.11.84—88D
7½% Argentine 79/88	78.15	9.80	12.11	7.42	1. 5.85—89S
7% Asian Dev. Bk. 69/84	99.50	7.04	7.33	2.75	1. 9.75—84S
8% Asian Dev. Bk. 76/82	99.15	8.07	11.29	0.25	1. 3.82
7¾% Asian Dev. Bk. 76/83 PP	95.00	8.16	11.94	1.33	1. 4.83
7% Asian Dev. Bk. 77/85	92.00	7.61	9.91	3.33	1. 4.85
5½% Asian Dev. Bk. 78/88	79.90	6.88	9.86	6.42	1. 5.89
7¼% Asian Dev. Bk. 79/89	85.10	8.52	10.12	7.67	1. 8.89
8¼% Asian Dev. Bk. 80/90	90.50	9.25	10.03	8.92	1.11.90
10% Asian Dev. Bk. 80/90	100.25	9.98	9.93	8.42	1. 5.90
10% Asian Dev. Bk. 81/91	99.60	10.04	10.05	9.33	1. 4.91
10¾% Asian Dev. Bk. 81/89	102.30	10.51	10.30	7.87	15.10.89
7½% Aumar 73/88 (G)	90.25	8.31	11.21	3.51	1. 2.78—88D
9% Aumar 76/84 (G)	97.00	9.28	10.29	2.71	15. 8.77—84S
7¾% Aumar 77/84 (G)	92.75	8.36	11.08	2.58	1. 7.84
6½% Australia 67/82	99.50	6.53	7.06	0.92	1.11.73—82S
6¾% Australia 68/83	99.50	6.78	7.19	1.67	1. 8.74—83S
6½% Australia 69/84	99.50	6.53	6.86	2.17	1. 2.75—84S
7¼% Australia 69/84	100.00	7.25	7.38	2.92	1.11.75—84S
7% Australia 72/87	99.00	7.07	7.23	5.17	1. 2.78—87S
9% Australia 75/82	99.70	9.03	10.51	0.17	1. 2.82
8¼% Australia 75/82 I PP	99.00	8.33	11.16	0.33	1. 4.82
8¼% Australia 75/82 II PP	98.75	8.35	11.21	0.42	1. 5.82
7¼% Australia 76/83	97.25	7.46	9.63	1.25	1. 3.83
5¼% Australia 77/82 PP	96.25	5.45	10.12	0.83	1.10.82
5¾% Australia 77/89	83.50	6.89	8.72	7.92	1.11.85—89S
6% Australia 78/88	86.50	6.94	8.72	6.75	1. 9.88
8% Australia 80/87 PP	93.75	8.53	9.41	6.00	1.12.87
8¼% Australia 80/90	96.75	8.40	8.68	8.25	1. 3.90
6¾% Austr. Ind. Dev. Corp. 72/87	92.00	7.34	9.70	3.28	1.11.78—87D
7% Rep. of Austria 68/82	98.90	7.08	10.85	0.33	1. 4.73—82S
6½% Rep. of Austria 69/83	97.00	6.70	9.12	1.33	1. 4.75—83S
8¾% Rep. of Austria 75/82 PP	99.25	8.82	10.84	0.33	1. 4.79—82D
9% Rep. of Austria 75/83	99.80	9.04	9.32	1.17	1. 2.83
8¾% Rep. of Austria 75/83 PP	98.12	8.92	11.13	0.82	1. 4.79—83D
8½% Rep. of Austria 75/87	98.00	8.67	8.96	5.42	1. 5.78—87S
7¾% Rep. of Austria 76/88	93.00	8.33	9.75	4.42	2. 5.83—88S
6¾% Rep. of Austria 77/85	93.90	7.19	8.92	3.33	1. 4.83—85S
7% Rep. of Austria 77/87 PP	91.75	7.63	10.34	2.89	1. 1.83—87D
6¾% Rep. of Austria 77/87 PP	91.00	7.42	10.30	3.07	1. 2.83—87D
6% Rep. of Austria 77/87 PP	85.50	7.02	10.43	4.18	1. 9.84—87D
5¾% Rep. of Austria 78/88 PP	84.00	6.85	10.34	4.52	15. 7.84—88D
5¾% Rep. of Austria 78/90	80.75	7.12	8.97	8.92	1.11.85—90D
6¾% Rep. of Austria 79/84 PP	91.00	7.42	10.67	2.75	1. 9.84
7% Rep. of Austria 79/87 PP	86.50	8.09	10.20	5.75	1. 9.87
6¼% Rep. of Austria 79/89 PP	85.50	7.31	10.42	4.52	1. 2.84—89D
7¼% Rep. of Austria 79/89 PP	85.25	8.50	10.07	7.75	1. 9.89
8¼% Rep. of Austria 80/86 PP	94.75	8.71	9.70	4.55	20. 6.86
8¼% Rep. of Austria 80/88 PP	91.00	9.07	10.18	6.55	20. 6.88
8¼% Rep. of Austria 80/90 PP	90.00	9.17	10.03	8.55	20. 6.90
7¾% Rep. of Austria 80/90 PP	86.50	8.96	10.14	8.71	1. 8.90
8¼% Rep. of Austria 80/92	90.45	9.12	10.00	8.19	1.10.87—92D
7% Autopistas Cataluna 78/85 PP	87.00	8.05	12.23	3.12	16. 1.85
7¼% Autopistas Espanola 69/84 (G)	96.50	7.51	8.98	2.58	1. 7.73—84S
8% Autopistas Espanola 71/86 (G)	92.75	8.63	11.46	2.73	1.10.77—86D
6¾% Autopistas Espanola 72/87 (G)	88.00	7.67	11.45	3.18	1.10.78—87D
7¼% Autopistas Espanola 79/85 PP (G)	88.75	8.17	11.57	3.26	1. 3.85
7¼% Banco N. Desarrollo 79/86 (G)	80.50	9.01	13.55	4.25	1. 3.86

WestLB SD Certificates (Schuldschein-Index)

5 years maturity: 9.80%

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment
8% Banco N. Obras 71/86 (G)	93.25	8.58	10.00	4.92	1.11.77—86S
7¼% Banco N. Obras 77/82 PP (G)	97.12	7.46	11.58	0.71	16. 8.82
7% Banco N. Obras 77/82 PP (G)	96.82	7.24	11.21	0.87	16.10.82
7% Banco N. Obras 77/84 (G)	89.50	7.82	11.53	2.83	1.10.84
5¾% Bk. America Overs. Fin. 78/90	81.75	7.03	8.78	8.92	1.11.90
6% Bank of Tokyo 79/86 PP	85.25	7.04	10.55	4.16	1. 2.86
7½% Banque Ext. Algerie 77/83	94.75	7.92	10.72	1.87	15.10.81—83D
7¼% Banque Ext. Algerie 78/85	88.75	8.17	12.09	2.88	1.11.83—85D
7¼% Banque Nat. Algerie 78/83	92.50	7.84	14.12	1.25	1. 3.83
6¾% Barclays Overs. Inv. 79/89	85.75	7.87	9.50	7.42	1. 5.89
8% Barlow Rand Inv. 78/82 I PP	97.25	8.23	12.15	0.71	15. 8.82
8% Barlow Rand Inv. 78/82 II PP	97.25	8.23	11.75	0.79	15. 9.82
7½% BEC Finance 78/83 PP	94.00	7.98	11.13	1.92	1.11.83
8% Beecham Fin. 76/83	97.50	8.21	9.47	1.92	1.11.83
10½% Belgelectric Fin. 81/88	99.50	10.55	10.57	7.50	1. 6.89
11% Belgelectric Fin. 81/91	101.50	10.84	10.73	9.82	1.10.91
8¾% Bergen 75/85	96.75	9.04	10.71	1.86	1. 5.81—85D
7¼% Bergen 77/89	90.50	8.01	10.27	3.97	1. 2.81—89D
8¼% BFCE 76/83 (G)	98.00	8.42	9.61	1.58	1. 7.81—83S
8¼% BFCE 76/84 (G)	96.50	8.55	9.81	2.58	1. 7.82—84S
7% BFCE 77/87 (G)	88.75	7.89	9.87	5.17	1. 2.83—87S
5¾% BFCE 78/88 (G)	84.00	6.85	9.29	6.12	15. 1.86—8S
7¾% BFCE 80/87 (G)	92.75	8.36	9.60	5.12	15. 1.87
8¼% BFCE 80/95 (G)	85.75	9.48	10.13	13.12	15. 1.88—95S
8½% BNDE 77/87	94.50	8.99	10.93	2.68	1. 4.83(82-87)
6¾% BNDE 78/86	78.00	8.65	13.92	4.25	1. 3.86
9¼% BNDE 80/88	84.75	10.91	12.78	6.58	1. 7.88S
6½% Borregaard 77/84 PP	90.50	7.18	10.53	2.83	1.10.84
8½% Brascan Int'l. 73/88	93.00	9.14	9.95	6.83	1.10.79—88S
6¾% Brazil 72/87	94.00	7.18	8.07	5.83	1.10.76—87S
8¾% Brazil 76/86	98.90	8.85	9.03	4.83	1.10.82(80-86)
7¾% Brazil 77/84	92.25	8.40	11.55	2.42	1. 5.84
6¾% Brazil 78/85	84.00	8.04	13.23	3.17	1. 2.85
7¼% Brazil 79/87	78.25	9.27	13.41	5.08	1. 1.87
8% Brazil 79/87	82.75	9.67	12.39	5.67	1. 8.87
9¼% Brazil 80/88	90.50	10.22	11.37	6.50	1. 6.88
6¾% Bremer 68/83 (G)	96.75	6.98	9.08	1.67	1. 8.74—83S
5¾% Bruxelles-Lambert 77/84 PP	87.50	6.57	10.80	3.04	15.12.84
8½% Burmah Oil 70/85	97.75	8.70	9.81	2.36	1.11.76—85D
4¾% Canada 78/83	93.70	5.07	9.50	1.47	20. 5.83
5% Canada 78/84	91.50	5.46	9.01	2.44	16. 5.84
6% Carlsberg Tuborg 77/87 PP	82.00	7.32	10.15	6.00	1.12.85—87D
8½% C.C.C.E. 75/85 (G)	95.50	8.91	10.71	1.77	1. 4.81—85D
8½% C.C.C.E. 76/86 (G)	95.25	8.92	10.37	3.02	1. 7.83—86D
7% C.C.C.E. 77/89 (G)	89.25	7.84	9.08	7.33	1. 4.81—89D
5½% C E C A 65/83	96.00	5.73	10.77	0.82	1. 4.71—83D
7½% C E C A 71/86	94.50	7.94	10.24	2.32	1. 5.77—86D
6½% C E C A 72/87	90.85	7.15	10.23	2.94	1. 7.78—87D
7% C E C A 72/88	91.25	7.67	10.12	3.45	2. 1.79—88D
6½% C E C A 73/88	90.75	7.16	10.05	3.14	1. 4.79—88D
7¾% C E C A 73/88	98.75	7.85	8.14	3.78	1.11.79—88D
8½% C E C A 75/82 PP	99.00	8.59	12.40	0.25	1. 3.82
8% C E C A 76/82	98.50	8.12	9.80	1.04	15.12.82
8½% C E C A 75/85	98.50	8.63	9.40	1.78	1. 4.78—85D
7¾% C E C A 76/83	97.25	7.97	9.42	1.83	1.10.83
7¾% C E C A 76/86	94.85	8.17	9.97	2.74	1.10.82—86D
6% C E C A 78/88	82.85	7.24	9.49	6.92	1.11.88
5¼% C E C A 78/90	80.00	6.56	9.73	6.12	1. 4.85—90D
6% C E C A 78/90 PP	83.70	7.16	10.37	4.91	1. 8.83—90D
7% C E C A 79/91	85.75	8.16	10.01	6.88	15. 4.84—91D
9½% C E C A 80/88	98.00	8.60	9.76	5.44	1.12.85—88
7⅞% C E C A 80/90	90.00	8.75	9.71	8.09	2. 1.90
7⅞% C E C A 80/92	89.20	8.83	10.08	7.00	2. 9.85—92D
10% C E C A 81/91	101.50	9.85	9.68	7.16	3. 3.87—91D
7¾% C.E.D. South Africa 78/87 PP (G)	97.00	7.99	12.77	0.64	20. 7.82
7% CESP 77/87 (G)	90.75	7.71	9.08	5.82	1.11.83(82-87)
6% Chase Manhattan Ov. 78/93	81.10	7.40	8.61	11.75	1. 9.84—93S
7% Chrysler 69/84	83.70	8.36	15.36	2.58	1. 7.75—84S
6¾% CIBA-GEIGY ex. w. 75/85 PP	91.50	7.38	9.48	3.83	1.10.85
6½% C.N. Autoroutes 69/84 (G)	94.00	6.91	10.41	1.74	1. 3.75—84D
6½% C.N. Energie 69/84 PP (G)	93.75	6.93	10.79	1.65	1. 2.75—84D
6½% C.N. Telecom. 68/83 (G)	98.00	6.63	7.85	1.92	1.11.74—83S
8½% C.N. Telecom 70/85 (G)	97.00	8.76	9.87	3.83	1.10.76—85S
7¼% C.N. Telecom. 76/83 (G)	96.50	7.51	10.09	1.37	16. 4.83
6¼% C.N. Telecom. 79/87 (G)	86.20	7.25	9.71	5.25	1. 3.87
7% C.N. Telecom. 79/87 PP (G)	80.00	8.75	10.17	6.04	16.12.87
7¾% Comalco 71/86	96.00	8.07	9.04	4.50	1. 6.77—86S
7% Com. Fed. Electr. 77/82 PP	96.50	7.25	12.05	0.75	1. 9.82
8% Com. Fed. Electr. 77/84	93.00	8.60	11.32	2.50	1. 6.84
7¼% Com. Fed. Electr. 77/85	91.75	7.90	11.44	2.35	1.11.82—85D
6¾% Com. Fed. Electr. 78/88	83.50	8.08	11.92	4.22	1. 4.84—88D
5% Commerzbank Int'l. 78/84 PP	90.50	5.52	10.29	2.08	1. 1.84
4½% Comp. F. Deutsche Bk. 78/83 PP	83.75	4.67	9.25	1.42	1. 5.83
5% Comp. F. Deutsche Bk. 78/84 PP	91.50	5.46	9.69	2.08	1. 1.84
8½% Comp. Franc. Petr. 75/85	96.25	8.83	9.81	3.42	1. 5.80—85S
6½% Comp. Franc. Petr. 77/84	92.35	7.04	9.97	2.58	1. 7.84
8½% Consorzio 70/91 (G)	92.25	9.21	11.15	4.17	1. 1.77—91D
5¾% Copenhagen 64/84	93.00	6.18	8.46	3.04	15.12.70—84D
7% Copenhagen 68/83	99.00	7.07	7.90	1.42	2. 5.72—83S
6¾% Copenhagen 69/84	99.00	6.82	7.32	2.50	1. 6.75—84S
7¾% Copenhagen 71/86	99.15	7.82	8.14	4.33	1. 4.77—86S
7½% Copenhagen 76/86	95.50	7.85	8.65	5.00	1.12.81—86S
6% Copenhagen 78/90	81.00	7.41	9.21	8.92	1.11.81—90S
7% Council of Europe 73/88	81.60	7.64	10.01	3.39	1. 7.79—88D
9½% Council of Europe 75/82 PP	99.25	9.57	13.80	0.17	1. 2.82
8½% Council of Europe 76/83	98.50	8.63	9.87	1.17	1. 2.79—83D
7¾% Council of Europe 76/83	97.75	7.93	10.37	0.90	1. 5.80—83D
7% Council of Europe 76/83	94.50	7.93	10.37	0.90	1.12.83
6¾% Council of Europe 77/87	94.50	7.41	10.18	2.00	1.11.83—87D
6¼% Council of Europe 78/88 PP	88.10	7.09	10.15	3.82	1. 7.86
6¼% Council of Europe 78/88	84.25	7.42	10.76	4.58	16. 5.84—88D
6¼% Council of Europe 78/88 II	85.75	7.14	10.32	4.38	1.11.84—88D
6¼% Council of Europe 78/88 III	86.15	7.25	10.00	4.82	1.11.84—88D
6¼% Council of Europe 79/89	86.00	7.27	10.05	4.82	1. 5.83—89D
7¼% Council of Europe 79/89	90.75	7.99	10.02	4.23	1.10.85—89D
7½% Council of Europe 79/89	88.75	8.45	10.17	6.74	1.11.85—94D
7¾% Council of Europe 79/94	88.30	8.92	10.06	8.02	1.12.86—90
9¾% Council of Europe 80/90	99.50	9.80	9.85	6.91	16. 4.87—91D
10% Council of Europe 81/91	100.20	9.98	9.94	7.28	16.10.87—91
10¼% Council of Europe 81/91	100.50	10.20	10.14	7.78	1. 7.80—87S
6½% Courtaulds Int'l. 72/87	92.00	7.07	8.34	5.58	1.10.83—87S
6% Credit National 77/87 (G)	83.50	7.19	9.84	5.83	1. 9.83
5¼% Credit National 78/83 PP (G)	82.50	6.22	10.53	1.75	16. 4.85—89D
6½% Credit National 79/89 (G)	85.50	7.60	10.17	5.28	1. 2.81(82-84)
9% CVRD 76/84	99.00	9.09	9.50	2.17	1.12.82(83-88)
8½% CVRD 76/86	96.00	8.85	9.54	5.00	1.11.76—85D
8% Daimler-Benz 70/85	98.60	8.11	8.85	2.36	1. 8.83
5½% Daishowa Paper 78/83 PP	91.50	6.01	11.33	1.67	1.11.78—82D
6% Danish Export 77/82 PP	95.75	6.27	11.10	0.92	1. 6.78—83D
5¾% Danish Expor 78/83 PP	95.25	6.04	11.00	0.99	1.11.82—86S
8¼% Den Danske Bk. 76/86	94.00	8.78	9.84	4.92	1. 6.75—84S
7% Denmark 69/84	97.25	7.20	8.33	2.67	1.12.78—87S
6¾% Denmark 72/87	90.50	7.46	8.86	6.00	1. 3.80—89S
9¼% Denmark 74/89	98.50	9.30	9.33	7.25	1. 2.82
8¼% Denmark 76/82	99.50	8.29	11.05	0.17	1. 8.82
8% Denmark 76/82	99.50	8.04	8.63	0.75	16. 5.83
6¾% Denmark 77/83	94.95	7.11	10.80	1.46	16. 6.87
7¼% Denmark 77/87	87.75	8.26	10.27	5.46	1. 2.84
5¼% Denmark 78/84	90.75	5.79	10.20	2.17	1. 2.88
6% Denmark 78/88	82.00	7.32	10.05	6.17	1. 2.85
5¾% Denmark 79/85	88.25	6.52	10.27	3.17	1. 2.89
6½% Denmark 79/89	82.00	7.93	10.15	7.17	1. 2.88
7¾% Denmark 80/86	92.25	8.54	10.24	4.17	1. 2.92P
8¼% Denmark 80/92	89.50	9.22	9.93	10.17	1. 5.80
9½% Denmark 80/90 PP	95.50	9.95	10.30	8.42	1. 6.80—90D
6¾% Den Norske Ind. 77/89 (G)	90.00	7.50	10.08	3.74	1. 5.83—90D
6% Den Norske Ind. 78/90 (G)	85.30	7.03	10.08	4.67	1. 4.75—84D
6½% District Paris 69/84 (G)	95.25	6.82	8.81	2.33	

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
7¼% E E C 76/83	97.25	7.45	9.48	1.33	1. 4.83
8¼% Electr. de France 80/88 PP (G)	92.00	8.97	9.90	6.92	1.11.88
7% Eletrobras 77/87 (G)	91.50	7.65	8.94	5.76	1. 9.83(83-87)
6¾% Eletrobras 78/86 (G)	78.85	8.56	13.48	4.33	1. 4.86
7% Eletrobras 78/87 (G)	78.25	8.95	13.03	5.17	1. 2.87
5¼% Elf Aquitaine 78/88	80.75	6.50	10.00	5.42	15. 5.86—88D
5¾% Elkem 78/88 PP	84.50	6.80	10.38	4.40	1. 6.84—88D
6¾% Ericsson 72/87	92.50	7.30	8.57	5.25	1. 3.78—87S
6½% ESCOM 68/83 (G)	92.50	7.03	13.01	1.32	1.10.74—83D
8½% ESCOM 70/85 (G)	95.00	8.95	11.73	1.76	1. 4.76—85D
8% ESCOM 71/86 (G)	95.00	8.42	10.42	2.69	1. 3.77—86D
6¼% ESCOM 72/87 (G)	85.50	7.31	12.14	3.08	1. 9.78—87D
7% ESCOM 73/88 (G)	89.00	7.87	11.24	3.20	1. 5.79—88D
8% ESCOM 78/84 PP (G)	88.50	9.04	12.97	2.32	1.11.84
8¾% ESCOM 79/84 I PP (G)	93.25	9.38	11.80	2.67	1. 8.84
8¾% ESCOM 79/84 II PP (G)	92.00	9.51	12.40	2.67	1. 8.84
9% ESCOM 80/87 PP (G)	95.75	9.40	10.29	4.33	1. 8.84—87D
9¼% ESCOM 80/87	94.75	9.76	10.48	5.32	1.11.87
7¾% ESTEL 73/88	84.50	9.17	11.15	6.87	1. 8.79—88S
8½% ESTEL 75/85	93.25	9.12	10.89	3.50	1. 6.81—85S
8½% ESTEL 76/83 PP	91.25	3.32	16.71	1.25	1. 3.83
6½% ESTEL 77/84 PP	77.25	8.41	17.01	2.92	1.11.84
6¼% ESTEL 77/84 PP	77.00	8.12	22.12	1.93	1.12.82—84D
6¼% ESTEL 78/85 PP	70.00	8.93	17.64	3.83	1.10.85
7¾% ESTEL 79/86 PP	70.00	11.07	17.67	4.67	1. 8.86
8¼% ESTEL 79/86 PP	75.00	10.83	15.67	5.04	15.12.86
8⅞% ESTEL 80/87 PP	78.00	11.23	14.62	5.54	15. 6.87
5¾% Euratom 77/87	83.25	6.91	9.58	5.92	1.11.87
6¼% Euratom 79/91 PP	83.25	7.51	10.44	5.43	8. 2.84—91D
6½% Eurofima 67/83	97.00	6.70	9.12	1.24	1. 9.71—83D
6¼% Eurofima 72/87	90.40	6.91	9.97	3.11	1. 9.76—87D
6½% Eurofima 73/88	91.25	7.12	9.45	3.62	1. 3.77—88D
8% Eurofima 73/88	96.50	8.29	9.15	3.66	1.10.77—88D
8% Eurofima 76/83	98.50	8.12	9.37	1.17	1. 2.83
6¾% Eurofima 77/87 PP	90.75	7.44	10.41	3.07	1. 2.82—87D
5½% Eurofima 78/88	84.75	6.49	10.22	4.11	15. 2.84—88D
5½% Eurofima 78/88 PP	81.00	6.79	10.28	5.36	1.11.85—88D
6½% Eurofima 79/89	87.75	7.41	9.66	5.07	1. 2.85—83D
7% Eurofima 79/84 PP	92.50	7.57	10.16	2.83	1.10.84
7½% Eurofima 79/87 PP	88.75	8.50	10.52	5.83	1.10.87
8¼% Eurofima 80/87 PP	90.50	9.12	10.48	5.92	1.11.87
7⅝% Eurofima 80/88 PP	90.50	8.70	10.02	6.12	15. 1.88
10¼% Eurofima 81/91	101.75	10.07	9.96	9.91	1.11.91
6% Europ. Inv. Bank 68/84	94.25	6.37	9.89	1.74	1. 3.75—84D
7% Europ. Inv. Bank 69/84	98.00	7.14	8.32	1.89	1.11.75—84D
7½% Europ. Inv. Bank 71/86	94.50	7.94	10.11	2.69	1. 3.77—86D
7¾% Europ. Inv. Bank 71/86	94.90	8.17	9.95	2.74	1.10.77—86D
6½% Europ. Inv. Bank 72/87	91.15	7.13	9.88	2.16	1. 3.78—87D
6% Europ. Inv. Bank 72/87	89.35	6.72	10.14	3.11	1. 9.80—87D
6¾% Europ. Inv. Bank 73/88	94.00	7.18	8.01	6.17	1. 2.79—88S
7% Europ. Inv. Bank 73/88	94.25	7.43	8.15	6.58	1. 7.79—88S
9½% Europ. Inv. Bank 75/83	10.25	9.48	9.21	1.06	1. 1.87—83D
8% Europ. Inv. Bank 76/83	98.00	8.16	9.96	1.07	1. 7.80—83D
7¾% Europ. Inv. Bank 76/83 PP	95.50	8.12	10.54	1.93	1.10.83
6¾% Europ. Inv. Bank 76/84	96.50	6.99	8.76	1.97	1.12.81—84D
6% Europ. Inv. Bank 77/89	87.25	6.88	10.06	3.92	1. 8.82—89D
6% Europ. Inv. Bank 78/88 I PP	80.50	7.45	10.15	6.07	1. 3.88
6% Europ. Inv. Bank 78/88 II PP	80.00	7.50	10.14	6.96	15.11.88
5¼% Europ. Inv. Bank 78/90	80.25	6.54	9.72	6.03	1. 3.85—90D
6% Europ. Inv. Bank 78/90	81.50	7.36	9.14	8.83	1.10.90P
7½% Europ. Inv. Bank 79/89	89.25	8.40	9.56	7.50	1. 6.89
7¾% Europ. Inv. Bank 79/89 PP	86.00	8.87	10.34	7.67	1. 8.89
6½% Europ. Inv. Bank 79/91	83.00	7.83	9.36	9.08	1. 1.91P
9¼% Europ. Inv. Bank 80/86	101.25	9.14	8.87	4.42	1. 5.86
7¾% Europ. Inv. Bank 80/90	88.50	8.86	9.83	8.67	1. 8.90
8½% Europ. Inv. Bank 80/90	94.25	9.02	9.48	8.87	15.10.90
9% Europ. Inv. Bank 80/87 PP	96.25	9.35	9.86	5.96	15.11.87
9½% Europ. Inv. Bank 80/90	99.00	9.60	9.66	8.42	1. 5.90
9½% Europ. Inv. Bank 80/90	99.00	9.60	9.67	9.00	1.12.90
10⅛% Europ. Inv. Bank 81/91	100.50	10.07	10.04	9.91	1.11.91
10½% Europ. Inv. Bank 81/91	103.00	10.19	9.97	9.33	1. 4.91
10½% Europ. Inv. Bank 81/91 II	103.00	10.19	9.99	9.71	15. 8.91
10¾% Europ. Inv. Bank 81/91	104.25	10.31	10.02	9.54	15. 6.91
8¼% Europistas 71/86 (G)	94.50	8.73	11.01	2.80	1. 2.77—86D
8% Europistas 72/87 (G)	92.75	8.63	11.21	2.98	1. 1.78—87D
7% Finland 68/83	96.75	7.24	10.83	0.99	1. 6.72—83D
6¾% Finland 68/83	95.60	7.06	10.26	1.49	1.12.72—83D
7% Finland 69/84	95.35	7.34	10.98	1.38	2. 5.73—84D
7½% Finland 69/84	95.10	7.89	10.83	1.80	1.10.73—84D
7% Finland 72/87	96.00	7.29	8.09	5.33	1. 4.78—87S
8% Finland 76/84	99.00	8.08	8.42	2.50	1. 6.81—84S
5½% Finland 78/83 PP	91.50	6.01	13.83	1.17	1. 2.83
6% Finland 78/83	92.50	6.49	10.34	2.00	1.12.83
5¾% Finland 78/86	85.00	6.76	10.35	4.17	1. 2.86
8% Finland 79/86	91.90	8.71	10.13	5.04	16.12.86
10% Finland 81/89	99.50	10.05	10.08	7.42	1. 5.89
10½% Finland 81/86	101.00	10.40	10.22	4.91	1.11.86
8½% Finn. Industriebank 80/90 (G)	91.50	9.29	10.72	5.15	1.11.83—90D
8% Finn. Kommunal 71/83 (G)	97.75	8.18	10.92	0.91	2. 5.76—83D
8¼% Forsmarks 75/83 (G)	97.75	8.44	10.48	1.07	1. 7.80—83D
5¾% Forsmarks 78/90 (G)	83.75	6.87	10.58	4.36	16. 1.83—90D
8⅞% Forsmarks 80/87 (G)	95.50	9.29	10.08	4.88	1.11.85—87D
7½% Francetel 76/83 (G)	95.75	7.83	10.08	1.87	16.10.83
6¾% Francetel 77/84 PP (G)	91.75	7.36	10.90	2.33	1. 4.84
9¼% Gen. Zbk. Vienna 75/82 PP	99.00	9.34	13.11	0.25	1. 3.82
8½% Gen. Zbk. Vienna 76/83 PP	97.25	8.74	11.08	1.17	1. 2.82—83D
6% Gen. Zbk. Vinna 77/87	87.00	6.90	10.20	3.90	1.12.83—87D
7¼% Giroz Vienna 76/83	95.00	7.63	10.24	1.92	1.11.83
5½% Giroz. Vienna 77/82	96.75	5.68	9.70	0.83	1.10.82
5¾% Giroz. Vienna 78/86 PP	83.75	6.87	10.16	4.83	1.10.86
6⅞% Giroz. Vienna 79/84 PP	92.25	7.45	10.27	2.71	16. 8.84
8⅞% Giroz. Vienna 80/87 PP	94.50	9.39	10.20	5.50	1. 6.87
10¾% Giroz. Vienna 81/91	103.50	10.39	10.14	9.58	1. 7.91
6% G. I. S. 78/83 PP	94.50	6.35	14.31	0.73	1. 3.82—83D
7% Grand Metrop. Fin. 77/84	94.25	7.43	9.51	2.67	1. 6.81—84S
8% Guest-Keen-Nettl. 76/83	96.85	8.26	10.59	1.42	2. 5.83
6¾% Hamersley Iron 72/87	89.00	7.58	8.35	5.58	1. 7.78—87S

WestLB

For current prices and further information call

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Westdeutsche Landesbank Girozentrale
Leading Marketmakers in Eurobonds

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment
8¾% Hazama-Gumi 80/85 PP	94.25	9.28	10.75	3.54	16. 6.85
7% Helsinki 68/83	98.35	7.12	8.29	1.58	1. 7.72—83S
9% Hidroelectr. Ibérica 80/90	94.25	9.55	10.41	5.47	1. 8.84—90D
5¾% Hitachi Shipbldg. 78/83	92.25	6.23	10.13	2.04	16.12.83
8⅜% Honeywell Bull 80/90	90.10	9.30	10.13	8.67	1. 9.90P
8¾% IAKW, Vienna 75/85 (G)	96.85	9.03	10.64	1.85	1. 5.80—85D
10% IBM 80/86 PP	102.50	9.78	9.25	4.33	1. 4.86
7¼% Iceland 69/84	97.25	7.46	8.71	2.42	1. 5.73—84S
7¾% Iceland 77/87	91.25	8.49	9.92	5.33	1. 4.80—87S
6½% I C I Int'l. 72/92	82.75	7.85	9.16	10.25	1. 3.78—92S
7½% I C I Int'l. 76/86	94.00	7.98	9.38	3.97	1.12.84—86D
6¾% I C I Int'l. 77/87	91.35	7.39	9.51	3.86	1. 5.84—87D
8% ICIPU 71/91 (G)	89.75	8.91	11.11	4.73	1. 1.77—91D
8% Imatran Voima 72/87 (G)	95.60	8.37	9.30	5.08	1. 1.78—87S
7% Indonesia 78/84	89.50	7.82	11.53	2.83	1.10.84
7¾% Ind. Dev. C. South-Afr. 78/82 PP (G)	97.00	7.99	15.36	0.42	1. 5.82
8% Ind. Dev. C. South-Afr. 78/83 PP (G)	94.50	8.47	11.94	1.58	1. 7.83
5% Industr. Bk. Japan 78/84	91.25	5.48	9.84	2.08	1. 1.84
7¾% Ind. Fun. of Finnland 79/87 PP	88.00	8.38	11.06	4.23	16. 9.84—87D
7½% Ind. Min. Dev. Iran 73/85	81.00	9.26	14.95	3.42	1. 5.77—85S
7¾% Ind. Min. Dev. Iran 77/87	72.50	10.69	15.41	5.58	1. 7.83—87S
7¼% Ind. Min. Dev. Iran 78/84	63.00	11.51	27.96	2.79	16. 9.84
8% Ind. Mtgebk. Finl. 71/86 (G)	95.50	8.38	10.08	2.90	1.12.77—86D
7% Ind. Mtgebk. Finl. 72/87 (G)	91.75	7.63	10.59	2.94	1. 7.78—87D
6¾% Int. Am. Dev. Bank 68/83	99.15	6.81	7.46	1.58	1. 7.72—83S
7% Int. Am. Dev. Bank 69/84	99.15	7.06	7.49	2.67	1. 8.75—84S
8½% Int. Am. Dev. Bank 70/85	99.00	8.59	9.01	3.75	1. 9.76—85S
6¾% Int. Am. Dev. Bank 72/87 I	91.25	7.40	8.81	5.50	1. 6.78—87S
6¾% Int. Am. Dev. Bank 72/87 II	90.75	7.44	8.82	5.92	1.11.78—87S
8% Int. Am. Dev. Bank 76/83 PP	96.75	8.27	10.97	1.20	16. 2.83
8¼% Int. Am. Dev. Bank 76/83 PP	96.25	8.57	10.88	1.58	1. 7.83
7% Int. Am. Dev. Bank 77/87	91.10	7.68	9.27	5.08	1. 1.83—87S
6¼% Int. Am. Dev. Bank 78/88	84.50	7.40	9.74	6.08	1. 1.88
7¾% Int. Am. Dev. Bank 79/86	93.50	8.29	9.54	4.58	1. 7.86
8% Int. Am. Dev. Bank 79/89 PP	88.00	9.09	10.33	7.62	15. 7.89
8% Int. Am. Dev. Bank 80/88	91.75	8.72	9.84	6.17	1. 2.88
10% Int. Am. Dev. Bank 81/91	100.50	9.95	9.90	9.25	1. 3.91
10¼% Int. Am. Dev. Bank 81/91	101.00	10.15	10.08	9.95	15.11.91
6¾% Int'l. Com'l. Bank 73/83	95.25	7.09	12.04	0.99	1. 6.79—83D
7½% Ireland 79/87 PP	87.50	8.57	10.63	5.42	1. 5.87
8¼% Ireland 80/88	89.75	9.05	10.48	6.08	1. 1.88
7¾% ISCOR 71/86 (G)	92.00	8.42	10.25	4.50	1. 6.77—86D
7% ISCOR 72/87 (G)	89.75	7.80	11.90	2.67	1. 4.78—87D
7% ISCOR 73/88 (G)	88.50	7.91	11.69	3.03	1. 3.79—88D
8½% ISCOR 73/88 (G)	91.00	9.34	11.62	3.70	1.11.79—88D
7¾% ISCOR 78/82 PP (G)	98.50	7.87	12.29	0.33	1. 4.81—82D
8¼% ISCOR 78/84 PP (G)	90.50	9.12	12.35	2.87	16.10.84
7% Japan 68/83	99.00	7.07	7.99	1.25	1. 3.72—83S
8¼% Japan Air Lines 80/87 (G)	95.85	8.48	9.05	5.96	16.11.87
7½% Japan Dev. Bank 76/83 (G)	96.80	7.51	10.04	1.33	1. 4.83
7⅝% Japan Dev. Bank 80/87 (G)	93.00	8.20	9.23	5.75	1. 9.87
10¼% Japan Synthetic 80/85 PP	99.50	10.30	10.39	3.36	15. 4.85
8% Johannesburg 71/86 (G)	92.50	8.65	11.41	2.64	1. 9.77—86D
6¼% Johannesburg 72/87 (G)	83.75	7.46	12.96	3.07	1. 9.78—87D
7¾% Johnnesburg 78/82 PP (G)	97.50	7.95	14.05	0.41	30. 4.82
7¼% Jydsk Telefon 69/84	94.00	7.71	9.98	2.79	15. 9.75—84S
6¾% Jydsk Telefon 72/87	87.00	7.76	10.04	5.25	1. 3.78—87D
7¼% Jydsk Telefon 73/88	89.50	8.10	9.57	6.17	1. 2.79—88D
9% Jydsk Telefon 75/82 PP	98.50	9.14	11.58	0.58	1. 7.82
8½% Jydsk Telefon 80/90	88.00	9.66	10.77	8.17	1. 2.90
6½% Kansai Electric 69/84	87.25	8.94	8.27	2.25	1. 3.75—84S
7¾% Kansai Electric 71/86	95.25	8.14	9.08	4.42	1. 5.77—86S
6¾% KELAG 73/88	89.25	7.56	9.01	6.42	1. 5.79—88S
6¾% KHD Finance 72/87	91.50	7.38	8.77	5.42	2. 5.78—87S
7½% Kjobenhavns H. Bank 76/83 PP	93.25	7.91	11.33	2.00	1.12.83
7½% Kjobenhavns Tel. 72/87	93.25	8.04	9.40	5.09	2. 1.78—87S
7% Kjobenhavns Tel. 72/87	91.75	7.63	8.97	5.42	1. 5.78—87S
6½% Kjobenhavns Tel. 73/88	89.00	7.30	8.83	6.33	1. 4.79—88S
5% KLM Royal Dutch Airl. 78/85 PP	89.75	5.57	11.42	1.65	1. 5.79—85D
7% Kobe 68/83 (G)	99.00	7.07	7.87	1.50	1. 8.72—83S
6¾% Kobe 69/84 (G)	98.25	6.87	7.69	2.42	1. 5.73—84S
7¾% Kobe 71/86 (G)	99.25	7.81	7.96	4.17	1. 2.77—86S
6¾% Kobe 72/87 (G)	94.25	7.16	8.09	5.42	1. 5.78—87S
7½% Kobe 76/83 (G)	97.45	7.70	9.34	1.50	1. 6.83
6½% Kobe 77/87 (G)	88.50	7.34	9.24	5.50	1. 6.87
5¾% Kobe 78/86 (G)	87.30	6.59	9.26	4.58	1. 7.86
7¼% Kobe 79/89 (G)	89.25	7.98	9.09	7.83	1.10.89
8% Kobe 80/90 (G)	93.40	8.57	9.13	8.58	1. 7.90
7¾% Kommuni. Inst. 76/83	96.50	8.03	12.37	0.82	1. 4.81—83D
8% Kommuni. Inst. 76/84	97.25	8.23	9.12	2.87	15.10.77—84D
7¼% Korea Dev. Bank 77/84 (G)	86.50	8.38	12.96	3.00	1.12.84
5¼% Kubota Int'l. 77/82 PP	99.25	5.29	6.05	1.00	1.12.81—82D
5¾% Kvaerner Ind. 78/88 PP	80.50	7.14	11.98	4.14	1. 3.84—88D
8½% Light-Servicos 77/82 (G)	98.90	8.59	12.93	0.25	1. 3.82
6¾% Light-Servicos 78/86 (G)	78.00	8.65	13.68	4.42	1. 5.86
8½% Light-Servicos 80/90 (G)	83.50	10.18	12.56	6.01	16. 1.86—90D
9¾% Lonrho Intern. 80/87	92.75	10.51	11.59	5.42	2. 5.87
6½% Lufthansa Int'l. 79/86 PP	87.00	7.47	10.43	4.25	1. 3.86

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund.
7% Malaysia 72/84	95.75	7.31	10.20	1.47	1. 6.75—84D
6¾% Malaysia 77/85	93.25	7.81	12.32	3.75	1. 9.85
9¼% Malmoe 75/84	98.75	9.37	10.06	1.65	1. 2.81—84D
8¼% Malmoe 76/83	98.10	8.41	10.35	0.74	1. 3.80—83D
6½% Manitoba 77/84	93.25	6.97	9.54	2.59	1. 7.84
6¾% Manit. Hydro El. 72/87	93.75	7.20	8.19	5.50	1. 6.78—87S
6¼% Megal Fin. Comp. 78/90	79.50	7.80	10.07	5.09	2. 1.85—90S
7% Megal Fin. Comp. 79/89	83.50	8.38	10.30	7.33	1. 4.87—89P
7% M E P C 73/88	89.50	7.82	11.02	3.21	1. 5.79—88D
7½% Mexico 73/88	88.00	8.24	9.97	6.06	1. 1.79—88S
9% Mexico 75/82	98.75	9.11	11.72	0.58	1. 7.82
8% Mexico 76/83	95.10	8.41	11.60	1.50	1. 6.83
7¾% Mexico 77/84	92.00	8.42	11.50	2.50	1. 6.84
6% Mexico 78/85	86.65	6.92	10.97	3.23	1. 4.85
8¾% Michelin Finance 80/87 PP	90.00	9.72	11.12	5.96	16.11.87
6½% Midland Int. Fin. 80/90	95.20	6.95	9.55	8.87	15.10.90
6½% Mitsubishi Chemical 79/84	93.55	6.95	9.58	2.41	20. 4.84
5¾% Mitsubishi Petro 78/83	93.25	6.17	10.12	1.75	1. 9.83
9% MODO 75/85	98.50	9.14	10.55	0.93	1. 5.80—85D
7% Montreal 69/89	90.50	7.73	10.28	3.58	1. 4.70—89D
6% Montreal 72/92	83.00	7.23	10.35	5.26	1. 9.73—92D
6¾% Montreal 73/93	83.00	8.13	9.20	11.60	1. 6.74—93S
8½% Montreal 76/86	96.75	8.79	9.38	4.56	1. 7.77—86S
7% Montreal 77/87	88.10	7.95	9.84	5.62	16. 7.78—87S
7½% Mortg. Denmark 69/84 (G)	97.25	7.71	8.77	2.82	1.11.75—84S
7% Mortg. Denmark 73/88 (G)	86.25	8.12	9.93	6.58	1. 7.79—88S
8½% Mortg. Denmark 80/90 (G)	90.00	9.44	10.29	8.58	1. 7.90
10½% Mortg. Denmark 81/91	100.25	10.47	10.45	9.91	1.11.91
6¾% Mortg. Bk. Finl. 69/84 (G)	97.00	6.96	8.25	2.33	1. 4.73—84S
8¾% Nafi. Mexico 76/83 PP (G)	95.50	9.16	11.29	2.00	1.12.83
7% Nafi. Mexico 77/82 PP (G)	96.50	7.25	12.05	0.75	1. 9.82
8¾% Nafi. Mexico 77/84 (G)	94.75	9.23	11.48	2.25	1. 3.84
8¾% Nafi. Mexico 77/84 PP (G)	94.50	9.26	11.62	2.25	1. 3.84
6½% Nat. Bk. Hungary 77/85	84.25	7.72	11.73	3.92	1.11.85
7% Nat. Nederl. Fin. Maat 79/86 PP	88.50	7.91	10.11	4.83	1.10.86
8% Nat'l. Westm. Bk. 73/88	96.00	8.42	9.00	6.63	1.10.79—88S
11% Nat'l. Westm. Bk. 81/91	104.25	10.55	10.28	9.82	1.10.91
8% Nederl. Gasunie 79/86	98.00	8.16	9.31	5.00	1.12.83—89
8¼% Nederl. Gasunie 80/87	96.25	8.64	8.89	5.25	1. 2.84—87S
6¾% New Brunswick 72/87	91.50	7.38	8.64	5.92	1.11.78—87S
7¼% Newfoundland 69/84	95.00	7.63	9.63	2.07	1. 5.75—84S
8% Newfoundland 71/86	94.10	8.50	9.61	4.07	1. 5.77—86S
6¾% Newfoundland 72/87	90.25	7.48	8.94	5.92	1.11.78—87S
6½% Newfoundland 73/88	88.25	7.37	9.00	6.33	1. 4.81—88S
6¾% New Zealand 69/84	95.00	7.11	10.35	1.65	1. 2.75—84D
7½% New Zealand 71/86	94.50	7.85	9.94	2.32	1. 5.77—86D
7% New Zealand 72/87	93.00	7.53	9.72	3.07	1. 7.78—87D
7½% New Zealand 76/83	96.75	7.75	10.24	1.25	1. 7.83
7¼% New Zealand 76/86	95.65	8.10	9.57	2.83	1.11.82—86D
6¼% New Zealand 77/84	92.75	6.74	9.73	2.42	1. 3.84
5¾% New Zealand 78/86	87.25	6.02	8.98	4.25	1. 3.86
6% New Zealand 79/86 PP	86.50	6.94	10.12	4.17	1. 2.86
6¼% New Zealand 79/87	87.50	7.14	9.45	5.08	1. 1.87
7⅛% New Zealand 79/87	90.25	7.89	9.27	5.79	15. 9.87
8¼% New Zealand 79/84 PP	97.50	8.64	10.06	3.00	1.12.84
7⅞% New Zealand 80/88	93.45	8.43	9.22	6.62	15. 7.88
6¾% Nippon Housing Loan 79/84 PP	90.00	7.50	11.61	2.46	16. 5.84
6½% Nippon Kokan 79/84	92.40	7.03	10.29	2.33	1. 4.84
5¾% Nippon Steel 78/85	87.90	6.54	9.74	3.75	1. 9.85
6¾% Nippon T + T 75/82 (G)	99.50	6.79	10.53	0.25	1. 3.82
8¼% Nippon T + T 75/82 (G)	98.60	8.35	10.62	0.50	1. 6.82
7¾% Nippo T + T 76/83 (G)	96.70	8.00	9.64	1.83	1.10.83
5½% Nippon T + T 78/87 (G)	84.25	6.53	9.49	5.17	1. 2.87
5¾% Norcem 78/85	88.00	6.53	10.25	3.25	1. 3.85
7½% Norcem 79/86 PP	87.00	8.62	11.15	4.75	1. 9.86
5% Nordic LB Int'l. 78/84 PP	96.12	5.20	6.95	2.17	1. 2.84
6½% Nordic Inv. Bank 79/86	89.50	7.22	10.47	4.08	1. 1.86
8½% Norges Komm. Bank 70/85 (G)	98.90	8.59	9.03	3.81	1.10.76—85S
7% Norges Komm. Bank 72/89 (G)	92.00	7.61	8.50	7.23	1. 4.80—89S
6% Norges Komm. Bank 77/89 I (G)	86.50	6.94	8.41	7.87	16.10.80—89S
6% Norges Komm. Bank 77/89 II (G)	85.25	7.04	8.63	6.00	1.12.80—89S
6% Norges Komm. Bank 78/90 (G)	84.75	7.08	8.66	8.07	1. 6.81—90S
6¼% Norges Komm. Bank 79/89 (G)	86.50	7.23	8.90	7.08	1. 1.84—89S
7¼% Norges Komm. Bank 79/89 PP (G)	88.00	8.28	9.64	7.71	16. 6.84—89S
7¾% Norges Komm. Bank 79/91 (G)	89.50	8.62	9.29	9.58	1. 7.84—91S
8¼% Norges Komm. Bank 79/94 (G)	91.50	9.02	9.41	13.04	16.12.85—94S
8½% Norpipe 76/84	97.75	8.70	9.67	2.17	1. 2.80—84S
8% Norpipe 76/88	92.75	8.63	9.53	6.50	1. 6.82—88S
6% Norpipe 77/89	80.50	7.45	9.63	7.92	1.11.84—89S
7¼% Norsea Gas 76/88	89.90	8.10	9.49	7.00	1.12.83—88S
7% Norsea Gas 77/89	86.00	8.14	9.67	7.58	1. 7.84—89S
9% Norsk Hydro 75/87	99.25	9.07	9.30	2.62	1. 3.80—87D
8% Norsk Hydro 76/88	94.50	8.47	9.17	6.33	1. 4.83—88S
6¾% Norks Hydro 77/89	91.00	7.42	8.40	7.50	1. 6.83—89S
6½% Norway 77/82	99.80	6.51	8.75	0.09	1. 1.82
6¼% Norway 77/82	98.65	6.34	10.36	0.33	1. 4.82
5¾% Norway 77/82	97.25	5.91	10.12	0.67	1. 8.82
4¾% Norway 78/83	95.00	5.00	9.82	1.08	1. 1.83
4⅜% Norway 78/83	93.10	4.70	10.13	1.33	1. 4.83
6¼% Norway 79/84	94.75	6.60	8.81	2.33	1. 4.84
7½% Norway 80/85	96.50	7.77	8.82	3.12	15. 1.85
7¼% Norw. Mortgage 77/87	92.25	7.86	10.05	3.36	16. 5.83—87D
6% Norw. Mortgage 77/89	86.25	6.96	10.18	4.21	16.11.82—89D
7¾% Nova Scotia 71/86	95.90	8.08	9.61	2.91	1.12.77—86D
7% Nova Scot. Power 72/87	91.75	7.63	8.53	6.00	1.12.78—87S
9¾% Nuclebras 80/88 G	90.40	10.79	11.37	6.97	16. 9.88
6¾% Occident. Int. Fin. 78/90	79.50	8.49	10.36	9.00	1.12.85—90S
6½% Occident Overs. 68/83	93.85	6.93	10.52	1.83	1.10.72—83S
6% Oester. Donaukr. 69/84 (G)	94.00	6.38	10.26	1.65	1. 2.65—84D
6¾% Oester. Donaukr. 73/88 (G)	90.00	7.50	8.89	6.25	1. 3.79—88S
8¾% Oester. Drauk. 75/85 (G)	98.75	8.86	9.53	1.69	1. 3.81—85D
7% Oest. El. Wirtsch. 67/87 (G)	91.75	7.63	11.12	2.51	1. 2.73—87D
7% Oest. El. Wirtsch. 76/83 PP (G)	94.00	7.45	10.40	2.04	16.12.83
5½% Oest. Ind. Verwaltung 78/85 PP (G)	85.75	6.41	10.45	3.58	1. 7.85
6⅞% Oest. Inv. Kredit. 79/84 PP	98.75	6.96	7.36	2.92	1.11.84
7% Oest. Kontrollbank 76/83 PP (G)	93.50	7.49	10.78	2.00	1.12.83
6¾% Oest. Kontrollbank 77/84 PP (G)	92.00	7.34	11.09	2.16	1. 2.84
6½% Oest. Kontrollbank 77/84 PP (G)	90.50	7.18	10.88	2.58	1. 7.84
6¼% Oest. Kontrollbank 77/84 PP (G)	90.0	6.94	10.73	2.67	1. 8.84
6% Oest. Kontrollbank 77/85 PP (G)	87.00	6.90	10.18	3.92	1.11.85
5¾% Oest. Kontrollbank 78/84 PP (G)	88.25	6.52	11.04	2.67	1. 8.84
6½% Oest. Kontrollbank 78/83 (G)	85.00	7.65	9.52	7.04	16.12.88
6% Oest. Kontrollbank 79/87 PP (G)	84.75	7.08	9.90	5.17	1. 2.87
7⅜% Oest. Kontrollbank 79/89	88.50	8.33	9.51	7.83	1.10.89
8% Oest. Kontrollbank 79/84 PP (G)	94.50	8.47	10.22	3.00	1.12.84
7¾% Oest. Kontrollbank 79/86 PP (G)	91.50	8.61	10.10	5.04	16.12.86
8% Oest. Kontrollbank 80/87 (G)	94.00	8.51	9.51	5.17	1. 2.87
8¾% Oest. Kontrollbank 80/85 PP (G)	96.25	9.09	10.11	3.29	15. 3.85
8½% Oest. Kontrollbank 80/88 (G)	94.30	9.01	9.66	6.92	1.11.88
9% Oest. Kontrollbank 80/87 PP	90.50	9.94	11.40	5.46	15. 5.87
8¼% Oest. Kontrollbank 80/92	90.10	9.16	9.78	10.58	1. 7.92
7¾% Oest. Kontrollbank 80/88 PP (G)	84.00	9.23	11.24	6.75	1. 9.88
10⅛% Oest. Kontrollbank 81/91	100.75	10.05	10.00	9.91	1.11.91
5½% Landerbank 77/82	95.75	5.74	10.18	1.00	1.12.82
6½% Ontario 69/84	96.00	6.77	9.36	1.68	1. 2.75—84D
6% Ontario 72/87	89.50	6.70	10.08	3.11	1. 9.80—87D
7½% Ontario Hydro 71/86	97.25	7.71	8.61	2.92	1.12.77—86D
6½% Ontario Hydro 72/87	92.50	7.03	9.58	2.87	1. 6.80—87D
6½% Ontario Hydro 73/88	91.50	7.10	9.26	3.62	1. 3.81—88D
7½% Oslo 69/84	96.00	7.81	10.11	1.98	1.11.75—84D
7½% Oslo 71/87	96.00	7.81	8.66	5.09	2. 1.78—87S
6¾% Oslo 73/90	87.25	7.74	8.93	9.58	1. 7.76—90S
9% Oslo 75/87	98.75	9.11	9.29	5.25	1. 2.76—87S
8¾% Oslo 80/90	96.00	9.11	9.40	8.25	1. 3.85—90S
6¾% Papua 73/88	90.50	7.46	8.69	6.58	1. 7.79—88S
6¾% Parker-Hannifin 77/87 PP	85.00	7.94	12.41	3.38	1. 6.83—87D
7½% Parker-Hannifin 79/87 PP	87.50	8.57	11.12	4.55	1. 7.85—87D
5¾% Pemex 76/83	96.25	9.09	10.94	2.00	1.12.83
7% Pemex 77/84	90.00	7.78	11.41	2.75	1. 9.84
7% Pemex 78/86	85.00	8.24	11.83	4.08	1. 1.86
7% Petrobras 77/84	86.50	8.09	12.97	2.83	1.10.84
7% Petrobras 78/88	80.00	8.75	12.91	4.71	1.10.84—88D
8% Petrobras 79/89	81.50	9.82	12.73	5.71	1.10.85—89D
7¼% Philippine 77/84	87.25	8.31	12.74	2.92	1.11.84
6¾% Philippine 78/85	84.25	8.01	12.81	3.33	1. 4.85
8¾% Philips 75/82	99.50	8.79	10.27	0.29	15. 3.82
5¾% PK-Banken 78/88	82.75	6.95	10.96	4.21	1. 5.84—88D
6⅛% Postipankki 79/85 PP	95.00	6.45	9.00	1.61	1. 2.82—85D
7¼% Privatbk. Copenh. 77/83 PP	94.50	7.67	11.57	1.32	1. 4.83
6¼% Pyhrn Autobahn 77/89 (G)	84.50	7.40	10.29	5.11	1. 9.84—89D
6½% Quebec 72/87	90.25	7.20	10.49	2.94	1. 7.78—87D
7½% Quebec 77/87	91.75	8.17	9.59	5.17	1. 2.87
7¼% Quebec 77/87	91.25	7.95	9.34	5.50	1. 6.87
6% Quebec 78/90	81.75	7.34	10.34	5.77	1. 5.85—90D
10¾% Quebec 81/91	103.00	10.44	10.22	9.74	1. 9.91
6¾% Quebec Hydro El. 69/84	98.10	6.88	7.86	2.17	1. 2.75—84S
7¼% Quebec Hydro El. 69/84	97.50	7.44	9.03	1.72	1. 9.75—84D
8% Quebec Hydro El. 71/86	98.00	8.16	9.05	2.66	1. 9.77—86D
6½% Quebec Hydro El. 72/87	91.25	7.12	10.38	2.69	1. 4.78—87D
6½% Quebec Hydro El. 73/88	90.35	7.19	10.32	3.06	1. 3.79—88D
6½% Quebec Hydro El. 77/87	87.75	7.41	9.35	5.71	16. 8.87P
6¼% Quebec Hydro El. 77/87	86.25	7.25	9.35	6.00	1.12.87P
8½% Queensland Alu. 70/85	98.00	8.67	9.32	3.92	1.11.76—85S
5¾% Rautaruukki 73/88 (G)	84.25	6.82	10.53	4.23	1. 4.84—88D
7¾% Reed Paper 73/88	92.25	7.86	8.95	6.08	1. 1.79—88S
7½% Renault 80/85 PP	90.00	8.33	10.86	3.75	1. 9.85
10¾% Renault 81/86 PP	100.50	10.70	10.57	4.58	1. 7.86
8½% Renfe 76/82 (G)	98.45	8.63	11.19	0.58	1. 7.82
8% Renfe 77/84 (G)	93.80	8.53	11.11	2.33	1. 4.84
7% Renfe 79/87 (G)	82.70	8.46	11.28	5.50	1. 6.87
9% Rep. Chile 80/86	95.25	9.45	10.31	4.67	1. 8.86

WestLB Euro-Deutschmarkbond Yield Index

Nov. 30, 1981: 10.37% (Oct. 30, 1981: 10.85%)

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment
5¼% Ricoh Comp. 78/83	92.25	5.69	10.32	1.67	1. 8.83
7¾% Roy. Bk. of Canada 80/90	93.50	8.29	8.84	8.67	1. 8.90
6¾% Roy Lease 79/84 PP	91.00	7.42	10.57	2.83	1.10.84
7¾% SAAB 71/86	95.75	8.09	9.12	4.50	1. 6.77—86S
7½% Saga Petrokjemi 77/87 PP	93.00	8.06	9.14	5.58	1. 7.83—87S
7½% Sandvik 72/87	92.50	8.11	10.46	3.07	1. 2.78—87D
9¼% Sandvik 75/83	98.75	9.37	10.38	1.17	1. 2.83
7% Sanko Steamship 77/84	93.25	7.51	10.62	2.17	1. 2.84
8¼% Seiyu Stores 80/86	93.25	8.85	10.27	4.25	1. 3.86
6½% Shell Int'l. 72/87	93.00	6.99	8.16	5.33	1. 4.78—87S
6¾% Shell Int'l. 77/89	93.50	7.22	8.36	5.09	1. 2.85—89D
7% Singapore 72/82	97.75	7.16	11.37	0.58	1. 7.76—82S
6½% Singapore 77/83	93.15	6.98	11.97	1.42	1. 5.83
8½% Sira Kvina 70/85	97.25	8.74	10.35	1.94	1. 6.76—85D
6½% S.N.C.F. 68/83 (G)	94.85	6.85	9.67	1.83	1.10.72—83S
7½% Soc. Dev. Reg. 76/86 (G)	93.75	8.00	10.37	2.56	1. 4.80—86D
6¼% Soc. Dev. Reg. 77/92 PP (G)	79.75	7.84	10.96	6.12	10.12.85—92D
9% Soc. Mar. Fina 75/83 PP	97.00	9.28	12.56	0.90	1. 6.79—83D
6¼% Serrente 79/84 PP	88.00	7.10	13.05	2.12	16. 1.84
6¾% South-Africa 69/84	99.50	6.78	7.10	2.33	1. 4.73—84S
8½% South-Africa 70/85	99.50	8.54	8.84	3.92	1.11.76—85S
7¾% South-Africa 71/86	96.75	8.01	8.75	4.92	1.11.77—86S
7% South-Africa 72/87	91.25	7.67	8.96	5.92	1.11.79—87S
9% South-Africa 80/87	97.50	9.23	9.57	5.58	1. 7.87
7¾% South-Afr. Oil Fund 78/82 I PP (G)	96.25	8.05	13.83	0.67	1. 8.82
7¾% South-Afr. Oil Fund 78/82 II PP (G)	96.00	8.07	13.29	0.79	16. 9.82
8% South-Afr. Oil Fund 79/83 PP (G)	90.00	8.89	14.30	1.92	1.11.83
7¾% South-Afr. Oil Fund 79/84 PP (G)	92.00	8.42	11.97	2.25	1. 3.84
7½% South-Afr. Railway 73/88 (G)	90.35	8.30	9.54	6.50	1. 6.79—88S
7¾% South-Afr. Railway 78/82 PP (G)	97.50	7.95	14.01	0.42	1. 5.82
8% South-Afr. Railway 78/83 I PP (G)	93.00	8.60	13.09	1.58	1. 7.83
8% South-Afr. Railway 78/83 II PP (G)	93.00	8.60	12.65	1.75	1. 9.83
7¾% South-Afr. Railway 78/83 PP (G)	91.00	8.52	13.16	2.00	1.12.83
7% South-Scott. El. 73/88 (G)	94.25	7.49	8.22	6.17	1. 2.79—88S
6¾% Spain 77/84	90.00	7.50	11.20	2.67	1. 8.84
6% Spain 78/88	80.75	7.43	10.22	6.42	1. 5.88
6% Sparbank Oslo 78/90 PP	84.00	7.14	11.02	4.11	16. 5.81—90D
7¾% Standard Imp. & Exp. 78/82 PP	97.00	7.99	12.55	0.67	1. 8.82
6½% Stand. Chart. Bank 78/88	85.75	7.58	9.71	6.08	1. 1.88
6% Statoil 78/88 (G)	84.00	7.14	9.29	6.75	1. 9.84—88S
6½% Statoil 78/89 (G)	80.50	7.51	9.11	7.25	1. 3.86—89S
7% Statsfoeretag 77/85	94.25	7.43	10.87	1.69	1. 3.82—85D
8¾% Stockholm County 75/87	96.60	9.05	10.22	2.65	1. 4.79—87D
8½% Sumitomo Metal 75/82	98.75	8.61	10.83	0.58	1. 7.82
7½% Sun Oil Int. Fin. 73/88	94.25	7.96	8.66	6.67	1. 8.79—88S
7¼% Svenska Cell 73/88	88.00	8.24	8.93	6.17	1. 2.79—88S

WestLB Euro-Deutschmarkbond Quotations (Continued)

Issue	Middle Price	Current Yield	Yield to Maturity*	Life*	Repayment D-mandatory-drawing by lot at par S-sinking fund P-purchase fund
10¾% Svenska Hdl. Bk. 81/87	93.50	10.30	10.38	5.89	20.10.87
6¾% Sveriges Inv. Bk. 72/87	91.50	7.38	8.83	5.25	1. 3.78—87S
7% Sveriges Inv. Bk. 73/88	91.75	7.63	8.76	6.25	1. 3.79—88S
8½% Sveriges Inv. Bk. 75/83	98.85	6 60	9.29	1.50	1. 6.80—83S
6½% Sweden 77/84	92.60	7.02	10 06	2.42	1. 5.84
6% Sweden 77/89	80.15	7.49	9.68	8.00	1.12.83—89S
7¾% Sweden 79/89	89 40	8 67	9.78	7.58	1. 7.89
7½% Sweden 79/89 PP	84 25	8.90	10.58	7.67	1. 8.89
8% Sweden 80/87 PP	90.50	8 84	10.44	5.21	16. 2.87
9¾% Sweden 80/87	99 75	9.77	9.79	5.33	1. 4.87
9% Sweden 80/87 PP	94.75	9 50	10.28	5.46	15. 5.87
9¼% Sweden 80/87 PP	94.50	9.79	10.54	5.92	1.11 87
7⅞% Sweden 80/90	88.50	8.90	9.83	8.75	1. 9 90
9½% Swedish Export 80/87	97 50	9.74	10.09	6.00	1.12.84—87S
10¼% Swedish Export 81/91	99.50	10.30	10.33	9.91	1.11.88—91
9% Tauernautobahn 75/82 PP (G)	99.25	9.07	11.61	0.25	1. 3.82
9% Tauernautobahn 75/83 PP (G)	97.75	9.21	10 94	1.25	1. 3.83
5¾% Tauernautobahn 78/93 (G)	74.75	7.36	9 17	11.33	1. 4.84—93S
8½% Tauernautobahn 80/90 (G) PP	89.50	9 50	10.58	8 87	16.10.90
7% Tauernkraftwerke 68/83 (G)	97.00	7 22	10.00	1.17	1. 2.74—83D
6½% Tauernkraftwerke 68/83 (G)	98.00	6 63	7.88	1.75	1. 9.74—83S
8% Tenpfinco 73/93	89.35	8 95	9.53	11 92	1.11.82—93S
9½% Tenpfinco 75/82 PP	98 75	9.62	14.59	0.24	1. 3.82
6¼% Thailand 78/83 PP	91.50	6.83	13 56	1.33	1. 4.83
8½% Thyssen Car. Fin. 75/82 PP	98.00	8.53	11 39	0.33	1. 4.82
8¼% Thyssen Car. Fin. 75/82 PP	98.50	8 38	10.85	0.58	1. 7.82
7¼% Tokyo El. Power 69/84	96 50	7.51	10 16	1.44	1.12.75—84D
6½% Tokyo El. Power 79/85	92.00	7.07	9.32	3.42	1. 5.85
5½% Toyo Rubber 78/83 PP	91.50	6.01	10.83	1.83	1.10.83
6½% Traf. House Fin. 72/87	89 25	7 28	8.94	5.63	1.10.78—87S
6% Trinidad & Tobago 78/83	93.50	6.42	11.47	1.33	1. 4.83
6¾% Trondheim 68/83	93 25	7 24	10 86	2.00	1.12.72—83S
5¾% Trondheim 78/88	82.00	7.01	10.31	5.30	1. 4.86—86D
7½% T R W Int. Fin. 69/84	96 25	7.79	9.23	2.83	1.10.75—84S
6% T V O Power 78/88 (G)	82 50	7.27	9.52	6.17	1. 2.64—88S
5¾% UDS Group 78/83	91.75	6 27	11.16	1.75	1. 9.83
8½% Unilever 75/87	98.75	8.61	8 73	5.42	1. 5.81—87S
6½% Union Bank of Finland 78/88	83.00	7.83	9.97	7.04	16.12.84—86S
5¾% Uniroyal 78/844 PP	83.00	6 93	13.75	2.67	1. 8.84
6¾% Unit. Arab. Emirats. 77/82 PP	97.50	6.92	13.08	0.41	30. 4.82
7% Venezuela 68/83	96.50	7.25	9.31	1.83	1.10.74—83S
6% Venezuela 78/88	74 15	8.09	12.12	6.25	1. 3.84—88S
6½% Venezuela 78/90	75.00	8 67	11.04	8 92	1.11.85—90S
9¾% Venezuela 80/90	94.65	10.30	10.70	8.92	1.11.86—90
11½% Venezuela 81/91	99.00	11.62	11.67	9.90	1.12.91
8¾% Vienna 75/84	97.50	8 46	9.92	1.64	1. 8.79—84D
5¾% Vienna 77/84 PP	84 00	6 85	12.39	3.04	15.12.84
8½% Voest-Alpine 73/88	94.75	8 97	9.57	6.83	1.10 79—88S
8½% Voest-Alpine 75/85	96 90	8 77	10.29	1.94	1. 6.81—85D
6¾% Voest-Alpine 77/89	86.25	7.83	10.48	4.86	1. 6.84—89D
6½% Wells-Fargo ex w. 73/88	85.50	7.60	9.44	6.92	1.11.79—88S
8¾% Westland-Utrecht 80/85 PP	90 00	9.72	12 65	3.25	1. 3.85
9% Westland-Utrecht 80/87 PP	85.50	10 53	12.61	5.92	1.11.87
5½% Worldbank 65/85	98.25	5 60	6.18	3.33	1. 4.71—85S
6½% Worldbank 68/84 PP	93.75	6.93	11.02	1.57	2. 1.77—84D
6½% Worldbank 69/84	95.10	6 83	10.44	1.47	1. 6.75—84D
6½% Worldbank 69.84 PP	93.75	6.93	11.02	1.57	2. 1.77—84D
6% Worldbank 69/84 PP	94.35	6.36	10.83	1.30	1. 4.77—84D
8% Worldbank 70/86	95.50	8.38	10.09	2 52	1. 1.77—86D
7½% Worldbank 71/86 I	94.40	7.94	10.20	2.40	1. 6.77—86D
7½% Worldbank 71/86 II	96.25	7.79	9.02	2.91	1.12.77—86D
6½% Worldbank 72/82	98.00	6 63	10.06	0.58	1. 7.82
6¾% Worldbank 72/87	92.50	7.30	10.14	2.61	1. 3.78—87D
6¾% Worldbank 73/83	96.50	6.99	10.03	1.17	1.12.83
6¾% Worldbank 73/88	90.00	7.08	10.14	3.22	1. 5.79 88D
8¼% Worldbank 75/82 PP	98.25	8.40	11.81	0.50	1. 6.82
8% Worldbank 75/82	98.75	8.10	9 37	1.00	1.12.82
8¼% Worldbank 75/83	98.25	8.40	9.43	1.58	1. 7.83
8% Worldbank 76/82 PP	98.25	8.14	10.71	0.67	1. 8.82
7¾% Worldbank 76/82 PP	98.00	7.91	10.31	0.83	1.10.82
7½% Worldbank 76/83	96.75	7.75	10.00	1.42	1. 5.83
7¾% Worldbank 76/83	96.50	8.03	9.90	1.83	1.10.83
6¾% Worldbank 76/83 PP	93 00	7.26	10.83	2.00	1.12.83
8% Worldbank 76/84	96.30	8.29	9.84	2.17	1. 2.84
5½% Worldbank 77/82 PP	96 75	5.68	9.92	0.79	15. 9.82
7% Worldbank 77/85 PP	91.00	7.69	10.36	3.25	1. 3.85
6½% Worldbank 77/85 PP	89.25	7.28	10.37	3.42	1. 5.85
6% Worldbank 77/85	90.00	6.67	9.23	3.79	15. 9.85
7% Worldbank 77/87	89.40	7.83	9.74	5.08	1. 1.87
6½% Worldbank 77/87	86.60	7.51	9.79	5.42	1. 5.87
5¾% Worldbank 78/84	92.25	6.23	9.13	2.67	1. 8.84
6% Worldbank 78/88	82.15	7.30	9.75	6.67	1. 8.88
6¼% Worldbank 78/88	83.00	7.53	9.71	7.00	1.12.88
5¾% Worldbank 78/90	80.00	7.19	10.03	6.61	1. 2.87—90D
7% Worldbank 79/85 PP	91.75	7.63	9.76	3.67	1. 8.85
7¼% Worldbank 79/87 PP	85.25	8.38	10.71	5.67	1. 8.87
7¾% Worldbank 79/91	87.75	8.83	9.78	9.58	1. 7.91
10% Worldbank 80/88	103.50	9.66	6.98	4.42	1. 5.86
8½% Worldbank 80/88 PP	92.00	9.24	10.22	6.50	1. 6.88
9% Worldbank 80/88 PP	95 00	9.47	10.07	6.41	1. 5.83
7¾% Worldbank 80/90	89.30	8.82	9.85	8.08	1. 1.90
7½% Worldbank 80/90 II PP	86.00	9.16	10.53	8.08	1. 1.90
10% Worldbank 80/90	101.25	9.88	9.76	8.42	1. 5.90
8% Worldbank 80/90	89.85	8.90	9.78	8.67	1. 8.90
7¾% Worldbank 80/88 PP	89.00	8.71	10.08	6.67	1. 8.88
9¼% Worldbank 81/91	97.85	9.45	9.61	9.08	1. 1.91
10% Worldbank 81/91	101.00	9.90	9.81	9.42	1. 5.91
10½% Worldbank 81/91	103.00	10.19	9.98	9.67	1. 8.91
11% Worldbank 81/91	104.12	10.56	10.29	9.75	1. 9.91
6¾% Yokohama 68/83 (G)	99.50	6.78	7.17	1.75	1. 9.72—83S
7% Yokohama 69/84 (G)	99.50	7.04	7.32	2.83	30. 9.73—84S
8% Yokohama 71/86 (G)	98.50	8.12	8.38	4.67	1. 8.77—86S
8% Yugosl. Inv. Bank 77/84 PP	88.50	9.04	12.81	3.04	16.12.79—84S

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 30th November, 1981

SOCIETE GENERAL De BANQUE

BANQUE GENERALE Du LUXEMBOURG

Funds 30/11/81	Price	First Issue Price	Yield %	Div. Date	1/12/81 High	30/11/81 Low	1/12/78 High	30/11/81 Low
Rentinvest	LuxFr852	LuxFr1000	9.95	20/11/81 (84)	LuxFr899	LuxFr734	LuxFr899	LuxFr734
Capital Rentinvest	LuxFl1872	LuxFr1000	Capitalisation		LuxFr1872	LuxFr1441	LuxFr1872	LuxFr1321

THE ARTS

Imperial War Museum

The War Illustrated

by WILLIAM PACKER

Not one of our major public museums or galleries is ever less than extremely generous in the rewards it heaps upon even the most casual and desultory of its visitors; but naturally each will have a particular moment when it will be, if not actually better, at least a shade more *equal than its peers.* In its quiet way and at the most competitive time of year too, the Imperial War Museum is enjoying just that, with three special exhibitions, one large and two small, to complement its more permanent displays.

It is indeed the smallest of them all that is perhaps the most remarkable, hanging as it does upon the chance and temporary availability from a private collection of one of the earliest and still among the most important single paintings of the Great War, yet one which has hardly been seen in public since the Spring of 1916. "The Kensingtons at Laventie" is a large oil painting on glass, worked from the back, which accounts for the rather odd freshness and also the oily smoothness of its surface appearance, poignant and salutarily seasonal in its subject matter, frankly sentimental in the best sense of the word.

The artist himself, Eric Kennington, had served with the British Expeditionary Force in France, as a private soldier in the 13th Battalion, the London Regiment (The Kensingtons), since November 1914, the very time when the war of movement was grinding to a halt in the First Battle of Ypres. He continued a member of Platoon 7, C Company throughout that first dreadful winter, was among the first of his regiment to celebrate that Christmas truce in No-Man's-Land, and was finally removed from active service by an accident to his foot some time that following Spring.

His painting is a record of his experience, and rather more than that, a memorial and tribute to his regiment, most particularly to his immediate comrades, whose exact portraits *supply its figures. It is a profoundly* humane work, not so much anti-heroic as matter-of-fact, taking the exhaustion and suffering of the men, the pity of war, as its subject, but in no sense demeaning their courage, commitment or achievement: a direct and honest statement, seen through the selective and focussing lens of art, of the realities of war. The heroism is implicit, unstated, and it takes the laconic commentary *that Kennington* supplied for that fund-raising exhibition at the Goupil Gallery in 1916, to spell it out.

"Platoon 7 . . . has served in the fire-trench for four days and nights, enduring the piercing cold of 20 degrees of frost and almost continual snow. On account of the weather, continual work, and the watchful enemy . . . sleep has been well-nigh impossible, and the men are very tired. They have been relieved . . . and have struggled through the half-mile of communication trench. In this there is an even greater depth of mud—from one to four feet—than in the fire-trench, and ice floats upon the surface. Every man has sunk in the mud up to his thighs . . . They now form up as a battalion along the ruined village street . . . each man finds his company and platoon and falls in . . . Now will commence the march of five miles to a billet which is out of the shelling area. Many, from exhaustion, frozen feet, rheumatism and other ailments, will fall out . . ."

The painting, hardly surprisingly, caused a considerable stir at its exhibition, but was well received both generally and critically; and it is an interesting footnote to the social history of the Great War that so unambiguous a work should indeed have received such favour in the light of what happened to realism in all the arts later on in the War. "The Kensingtons at Laventie," courtesy of Lord Cowdray, remains in the appropriate gallery of the Museum, together with one or two preparatory drawings and alongside other major works of the Great War such as "Over the Top," by John Nash, and Spencer's great picture of the hospital travoys in Mesopotamia, until January 31.

The museum's other small show, also of drawings and *paintings, but dating from the* Second War and covering for the most part the Home Front, fixes upon that curiously indigenous group of artists, all of them *alive to modern art* and surrealism in particular, but also consciously looking back to the enchanted pastoral visions of The Ancients, to Samuel Palmer and his friends, that we have come to call the Neo-Romantics. They continued strongly into the fifties, one or two continue still, and their influence lingers on especially in the fields of illustration and theatrical design.

As for the war, it served not so much to supply them with images, though of course it did, as to confirm their insularity and coherency, or at least to give those impressions. Sutherland, Moore, Piper, Ayrton, Colquhoun and McBryde were among them, whether they knew it or not, and all incidentally produced at that time some of their finest, certainly much of their most memorable graphic work: but some of the younger, more modest figures of that time seem now rather more characteristic, *catching the essential* flavour of that embattled time, John Minton in and out of the Army, and Keith Vaughan in the tents and Nissen huts of the Pioner Corps. Neo-Romantic watercolours, modest enough but delightful and fascinating for all that, continues at the museum until January 4.

The Kensingtons at Laventie by Eric Kennington, 1915. Property of Lord Cowdray.

Then there is the museum's current blockbuster, a definitive exhibition of the war photographs of Cecil Beaton, with a book to match, published by the museum itself in collaboration with Jane's at £12.95. Beaton was always the most self-consciously stylish and mannered of photographers, but his work never became insufferably precious, *generously leavened as* it always was with a truly creative imagination, fine technique, and real wit. But he had made his name, even so, in the rarified world of high art, high fashion and high society, and even he felt somewhat daunted at being sent off to photograph the war.

The results include much that is of real historical importance, the good and the great about their business, and much that is memorable and startlingly original, the debris and impedimenta of war as surrealist still-life: but insensibly he was drawn towards the material that prompted him to his best work of all, the mundane conduct of the war by the people, professional *and civilian alike,* preparing and recovering and preparing again. His celebration of the People's War remains at the museum until October 10 next year.

Finally, a brief pendant to my piece on mixed Christmas shows *in London:* I cannot get to everything, but nor can I allow a couple more shows to go unmentioned. William Drummond's Covent Garden Gallery in Russell Street is, as always, crammed with watercolours and drawings, as he puts it, "for the Collector with Slender Means"; Michael Parkin in Motcomb Street yet again celebrates Louis Wain and his extraordinary Cats of Fame and Promise; and across the road is *Patrick Seale's Belgravia Flower* Show which, though it includes any number of good things by Blackadder, Logan, Kitchen, and others, since one of them is by me, I must not mention.

RSC in Newcastle

The Royal Shakespeare Company returns to Newcastle upon Tyne next year for a seven week season from February 22 to April 10. This is the RSC's sixth successive season in Newcastle (the fifth this year was the most successful to date).

All ten productions seen at Stratford-upon-Avon in 1981 will be staged at the Theatre Royal and the Gulbenkian Studio and will then form a major part of the RSC's opening season at The Barbican Centre, the company's new London home from the beginning of June.

The five Shakespeare productions (from the Royal Shakespeare Theatre) to be seen in repertoire at the Theatre Royal will begin with *A Midsummer Night's Dream* (from February 22). The next production will be *The Winter's Tale*, from March 2. Then comes *All's Well That Ends Well* (from March 16), followed by the double bill of *Titus Andronicus* with *The Two Gentlemen of Verona* (from March 23).

The final production of the season at the Theatre Royal is *Henry IV Part 1* (from March 30).

Festival Hall

Solti/LPO

by MAX LOPPERT

Solti and the London Philharmonic opened Sunday's concert (broadcast later the same *evening on Radio 3)* with what, considering the stature of all the performers involved was a quite dreadful account of the Haydn B flat Symphony, no. 102. The music seemed to have no shape, no structure, and no content, just cross-accents forcefully hammered home. There was no first-movement exposition repeat (bemoaning the fact is not just a critic's buzzing about musical marginalia (the movement doesn't really make *sense* without it). The marvellously misty swirl of pre-Romantic colours and sentiments in the Andante was lost because the cello obbligato went too often unheard. There was a crucial lack of lightness in the minuet and trio, though this proved a little less disappointing than the hell-for-leather careering *across* the *abundant* and delightful incidents of the finale. Haydn treated as a concert warm-up simply don't do!

Thereafter, things could only improve — and did, though not as hugely as one might have hoped. The orchestral playing in the Brahms Double Concerto was full-bodied, tonally ample, apparently scaled to soloists more robust than György Pauk (whose violin began waywardly, but soon found form) and Ralph Kirshbaum (whose cello sounded beautifully pure and true when audible, which in the octaves of the Andante was not always). Pauk and Kirshbaum *are chamber-music partners of* long standing, and play together each with a special regard for the phrase-shading sought by the other; a conductor more *concerned to create for them* a particular, rather than an all-purpose, frame might well have capitalised on such practised closeness.

The second half was devoted to a suite drawn by Solti himself from Prokofiev's ballet score for *Romeo and Juliet.* There was some vigorous playing, notably in the death of Tybalt, which here closed the concert, but it was never quite as brilliant as the current London best; and in the gentler movements, there was a pervading sense of efficiency as a substitute for poetry—Juliet's game of hide-and-seek with her *nurse was made sorely* matter-of-fact.

Meetings in Metz—2

Cage, Kagel & Xenakis

by DOMINIC GILL

As well as the new Stockhausen *Klavierstück* which I reviewed here last Monday, this year's tenth anniversary programme of *Recontres internationales de musique contemporaine* in Metz also presented world premieres of works by John Cage, Maurice Kagel and Iannis Xenakis. Both the Kagel and the Xenakis were strong, characteristic pieces which, invigorating though they were, offered few surprises. Cage's two premieres on consecutive days were as surprising, and unpredictable, as the cuisine of the city itself.

The first was almost as much of a shambles as the *poularde de Bresse au riesling* I had been offered for lunch at one of Metz's best restaurants the previous day: and neither was the fault of John Cage. We assembled at 11 o'clock in the morning in the one of the large chambers of the Buffet de la Gare, prepared to participate in what was to be a familiar, evocatively Cageian exercise in Zen music-making. Placards on the walls proclaimed the form in English and French:

1100-1130. Listen to the sounds around you without adding any sounds to them. 1130-1200: Now if you wish make sounds by any means (vocal, instrumental) but do not interrupt what you have heard which is continuing. Instead, go into it.

When, by 11.30, the tremendous hub-bub of several hundred teenage schoolchildren crowding the hall showed no sign of *abating,* and when none of those children was able to demonstrate upon inquiry the faintest notion of what he or she might be supposed to be doing there except *shouting* and *singing* in a jolly, frenzied fashion, it became clear that Cage's *Evene-Metzment / EnvironneMetzment* was not merely doomed to fail, but was likely actually never to begin.

It never did. But the Cage premiere the next evening, which was in fact the real and only Cage premiere, and on a day at last distinguished gastronomically by a sublime dish of *quenelles de brochet au menth fraiche,* was a very different affair. *Thirty Pieces for Five Orchestras* was given outside Metz, by an augmented Philharmonic Orchestra of Lorraine, in the towering 18th-century church of the Abbey of Prémontrés at Pont-à-Mousson. It is a 30-minute score prepared with the use of chance procedures, that develops a relatively new-found interest in *composed* expressiveness to the farthest limit that it has yet been developed in any of Cage's work.

The *Pieces* were not composed especially for Prémontrés: but they gained wonderfully in depth and colour from the acoustic, and from a reverberation time of nearly six seconds (imagine a deep bass-tuba note, richer and more commanding than any organ stop, played in St Paul's). They are played without a break—a huge, antiphonal celebration of sound, turning slowly here about its axis, the audience, soaring up to and returning from the vaulted ceiling, gathering density and impetus, bursting finally, like a massive sound-flower, into bloom. The listeners gave it a standing ovation. The orchestra, too: *who,* perhaps even to their own surprise, had evidently found great satisfaction from performing this strange, unearthly music—and had found in its *freedoms, as Cage intended,* also a powerful and exciting discipline.

Nothing in the rest of Metz's weekend of *Rencontres* was so arresting, but there were other substantial pleasures to be had. Xenakis's new *Komboi* for harpsichord and percussion was a brilliant essay in controlled high-voltage aggression, 20 minutes long, that had as its climax a challenging question-and-answer session subsiding—resolution of a kind, though still powerfully charged—into a springy, dancing duet. Both sparring partners were amplified, the harpsichord not quite sufficiently: but the performance, fierce and splendid in the hands of Elisabeth Chojnacka and Sylvio *Gualda,* sent authentic shivers down the spine.

Mauricio Kagel—a regular visitor to the *Rencontres*—had a programme to himself. Londoners can hear for themselves at the London Sinfonietta's Kagel concert on the South Bank this Thursday evening the same group of ten *little surreal,* bittersweet *Marches to Miss the Victory* for wind instruments and percussion with which the Stuttgart ensemble opened *either half of their concert in* Metz. The centrepiece of the programme was Kagel's new *Mitternachtsstük* for chorus and instruments on texts from Robert Schumann's private journal: magical settings, made with the greatest economy, full of delicate currents of humour, swirls of dark colour, dark exuberance. The unorthodox spelling of the title is Schumann's own. The narrative indulgence of the writing reveals a Gothic vein of Schumann's sensibility so far unrecognised and untapped. There is room here for a complete cantata. *Mitternachtsstük* meanwhile is the very first work to include among the instruments prescribed in its score a bottle of Champagne and a tray of glasses.

St. John's, Smith Square

West Square Electronics

by PAUL DRIVER

The second of the West Square Electronic Music Ensemble's three concerts at St John's took place on Saturday and it was no less dispiriting *than the first.* Again proceedings began with a realisation of Stockhausen's 1966 Solo for melody instrument and feedback, though this time featuring not *Harry Spaarnay's* imaginative bass-clarinet, nor John Wallace's trumpet as advertised, but the somewhat roughshod trombone playing of James Fulkerson. The many assisting technicians were impressively ranged about, enabling the soloist to indulge in multiple dialogues with himself. The result of collective endeavour was a jumpy sound-picture full of points and shakes and flutters, musically desultory and at best theatrically slight.

The creation of a new "sound theatre" is one of the main pretensions of the group. Tristram Cary's *I Am Here,* whose first performance came next, was an embarrassment both as a play of sound and as a stage-piece. It is devised for solo soprano and a four-channel tape built *from soprano sounds.* The abstract text is by Peter Zinovieff and Jane Manning vocalised it in suitably extremist (though very virtuoso) fashion from within a pyramidal cage of aluminium bars, the house-lights down. She represents "inside" *consciousness* and the counterpointed tape part "outside" consciousness. No union of inside and outside is finally achieved; nor is the auditor's *jadedness relieved during* the 23 minutes 30 seconds duration.

Outstanding just for its interest in specifically musical invention was Robert Saxton's Cantata 3, . . . *and at the close* . . ., specially commissioned and receiving its première. Two sopranos and tape here, and live tape-delay also. The sopranos (Miss Manning and Lynda Richardson) produce waves on waves of beautiful lyricism (reminiscent of Maxwell Davies's *Leopardi Fragments)* and use small portions of a text written for the piece by Richard Gaskell about creation and sterility, strongly influenced by Mallarmé, which appears *discontinuously* in newscaster's voice on the tape. The end is a jubilant climax and if unsuccessful balancing of forces made it rather too unrestrained a climax, the overall impression was nevertheless of a rich musical statement.

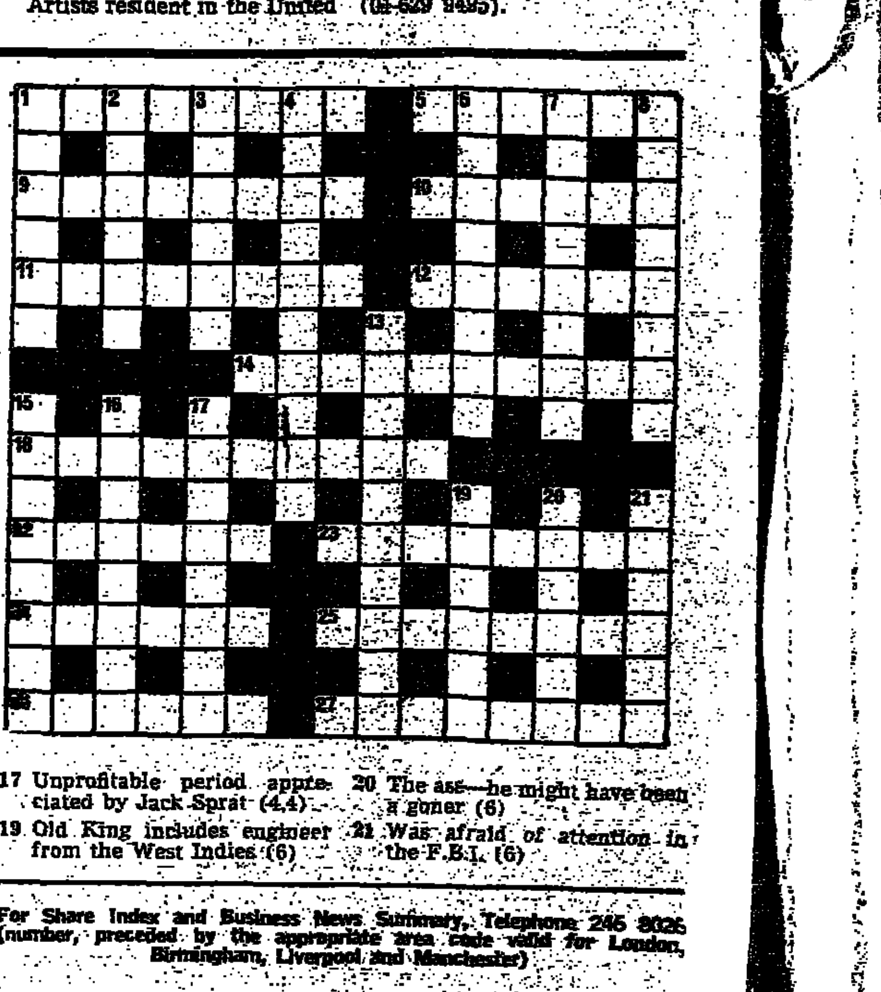
Hayward Annual 1982

The Arts Council's Hayward Annual exhibition in 1982 (July 14-August 30) will be devoted to contemporary British drawings selected from an open submission. The exhibition will *be the fifth in the series of* Hayward Annual exhibitions, begun in 1977 with the intention of presenting a cumulative picture of contemporary British *art as it develops.*

Artists resident in the United Kingdom are invited to submit work. Sending-in days will be from March 15-20 1982 and regional collection points will be available. Details of the submission and exhibition are *available from* Jackie Ford, organiser of the open submission, or Susan Ferleger Brades, exhibition organiser, at the Arts Council of Great Britain, 105 *Piccadilly, London* W1V 0AU (01-629 9495).

THEATRES CONTINUED ON PAGE 28

F.T. CROSSWORD PUZZLE No. 4,750



ACROSS

1 It is unjust to be left (3,5)
3 The Saint from Le Mans (6)
9 "The paths of glory lead but to ——" (Gray) (3, 5)
10 A Frenchman with money? It isn't true (6)
11 Carry off giving way to what John signed (4,4)
12 Manipulation from the West point of view (6)
14 Smug consumer of Christmas fare (4,6)
18 This training is given in reform schools (10)
22 Duke of Illyria (6)
23 Charm your way in (8)
24 Inward to port perhaps (6)
25 "My —— guilt defeats my strong intent" (Hamlet) (8)
26 A fellow with a crib is a stupid person (6)
27 After examination the spy is buried (8)

DOWN

1 French resort includes Holy Writ as a warning (6)
2 He is seen in conservative speculation (6)
3 The Dorian invasion (6)
4 To celebrate is essential for a political supporter (4,1,5)
6 Sister goes to school, we hear, in Warwick (8)
7 Engineer comes up with a chap on the way out (8)
8 The fruit of invasion (8)
13 Lieutenant of The Tower—his daughter gives you a pain (10)
15 Bound to account—granted (8)
16 A new series like a spring salmon (5,3)
17 Unprofitable period appreciated by Jack Sprat (4,4)
19 Old King includes engineer from the West Indies (6)
20 The ass—he might have been a goner (6)
21 Was afraid of attention in the F.B.I. (6)

Solution to Puzzle No. 4,749

D	O	W	N	T	U	R	N	■	C	L	A	R	E	T
I	■	A	■	H	■	I	■	■	■	E	■	E	■	I
V	I	S	C	O	U	N	T	■	P	A	S	S	U	P
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S	T	E	V	E	D	O	R	E	■	T	A	R	O	T
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■	■	■	C	A	L	F	■	B	A	I	L	I	F	F
B	■	A	■	P	■	■	■	■	■	S	■	N	■	F
R	O	C	K	A	L	L	■	S	E	E	D	■	■	■
I	■	C	■	R	■	E	■	N	■	■	■	M	■	P
C	L	O	U	T	■	S	H	A	N	G	R	I	L	A
K	■	L	■	M	■	T	■	F	■	L	■	N	■	I
B	E	A	T	E	R	■	O	F	F	E	N	D	E	R
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Tuesday December 15 1981

Israel's threat to Washington

THE DECISION by the Government of Israel to propose the annexation of Syria's Golan Heights is the latest in a series of actions guaranteed to infuriate the Arab world and impose a further strain on relations with Western friends.

Mr Menahem Begin has always insisted, with some justification, that Israel must be the best judge of its own security requirements. In pursuit of this claim Israel has this year attacked the Iraqi nuclear reactor near Baghdad, tightened its grip on a strip of territory in southern Lebanon, bombed a civilian area of Beirut, built further settlements in the occupied West Bank and Gaza, and came close to war with Syria.

At the same time Mr Begin has assured the West that he is sincere in his desire for peace and has pledged to abide by the terms of the Camp David peace process. To this end Israel is scheduled to withdraw from the remaining one-third of Sinai next April and is continuing to *negotiate with Egypt* for a form of autonomy to be applied to the Palestinians living in the West Bank and Gaza.

Autonomy

The annexation of the Golan, if it wins the approval of the Knesset, would appear to sound the death knell for the autonomy talks and perhaps for any attempts to negotiate a wider Middle East peace. Saudi *Arabia's eight-point peace plan* has been more effectively sabotaged by Mr Begin than by the decision of hardline Arab leaders to boycott the Morocco summit meeting at which it was due to be discussed.

The weight of argument within the Arab world seems certain to swing in favour of the radicals who oppose any negotiations with Israel. President Hafez al-Assad of Syria will have gained in stature while Mr Yasser Arafat, who in defiance of Damascus gave a cautious welcome to the Saudi *plan, must have suffered* a further blow to his authority within the Palestine Liberation Organisation.

Such threatened radicalisation of the Arab world is massively against Western interests and especially those of the U.S. The collapse of the Shah's regime in Iran and the murder of President Sadat in Cairo emphasised that there were greater domestic dangers within the Middle East than the external threat posed by the Soviet Union.

Washington urged the European *nations* to participate in the Sinai multinational peace-keeping force precisely because it wished to avoid presenting Israel with a pretext for not completing the withdrawal on schedule. The strongest single guarantee that Egypt's new President, Mr Hosni Mubarak, would not be tempted to depart from the policies of his *predecessor* was the prospect of restoring Egypt's territorial integrity.

Mr Mubarak now faces a potentially embarrassing test, which Mr Begin may have purposely set for him. Either he makes a token verbal protest and is condemned by the rest *of the Arabs for co-operating* with Israeli expansion, or he takes more emphatic action and puts not just the Israeli withdrawal but the entire peace treaty at risk.

Mr Mubarak will undoubtedly be looking to the U.S. for assistance. Indeed Washington's reaction to the planned Golan annexation will be critical to its overall standing in the Middle East. Earlier this year the U.S. Administration delayed the delivery of fighter aircraft to Israel in response to the attack on Iraq's nuclear reactor. If President Reagan is not to be seen within the *Arab world*, including the conservative oil producers, as condoning Israel's annexation of more Arab land, then he will have to act much more firmly.

The timing of the Israeli Government's Golan announcement makes this even more imperative. *It comes hard on the heels* of the agreement on strategic co-operation signed by the two countries and at a time when Washington is attempting to put economic and political pressure on the Libyan regime. For the Libyans and Syrians it will seem that the U.S. and Israel are following a deliberately provocative policy aimed at destabilising their regimes.

Warnings

Should this suspicion also take root in countries which have traditionally been sympathetic to the U.S. the main beneficiary will be the Soviet Union.

Saudi Arabia is known to be considering establishing diplomatic relations with Moscow and other Gulf states could well be tempted to follow Riyadh's lead. It would be a bitter irony for Mr Reagan if his Administration was to preside over an era during which his direst warnings about the growth of Soviet *influence in the Middle East* were to be proved correct.

Mr Reagan should make clear to Israel his total opposition to the annexation of the Golan Heights.

Challenge for the UN's new chief

DR KURT WALDHEIM used to say that the strength of the Secretary General lies in his powers of persuasion. He himself exercised those powers so quietly and discreetly that he will leave behind him few ardent admirers when he retires at the end of the year. But by choosing as his successor the similarly low-key Sr Javier Perez de Cuellar, a Peruvian diplomat, the great powers have shown *the limits they wish to impose* on the post.

They do not want another Dag Hammarskjold, the mercurial Swede who built up the standing of the Secretary General before clashing with Khruschev and De Gaulle.

Power balance

Instead they have preferred to stay in the furrow ploughed by U Thant. He fitted in with the power balance of his time and Dr Waldheim did the same, responding well both to the rise of detente and its reversal.

The tasks facing his successor are complex. He has to operate on different levels, as a peacekeper, as the servant of the Security Council and General Assembly, as head of the UN secretariat, and as co-ordinator of the UN's sprawling agencies.

Those who criticise the UN often overlook the first of these functions. Certainly the realities of East-West relations have prevented the UN from developing the provisions for stopping wars laid down in its Charter. But the 1962 Cuban missile crisis and the 1973 Middle East War are examples of how the nuclear powers have used the UN to help steer away from conflict.

In these cases it has been a crucial stage for countries to parade their cases and to extricate themselves from the confrontation in which they have entrapped themselves. In others, such as Cyprus and, less successfully, the Lebanon it has been keeping combatants apart.

It is difficult to see how much any Secretary General could greatly build up this role, given the extent to which he is circumscribed by the interests of the countries involved. Equally, as servant of the Security Council and General Assembly, he has to obey his orders. But where a major fresh effort is required from the new Secretary General is in fulfilling the main job given to him by the Charter, of being "chief administrative officer of the Organisation."

In dealing with the 18,000-strong secretariat his hands are somewhat tied by the method in which many jobs are filled—with government nominees or by dint of geography rather than quality. But he must win a consensus for tackling an organisation whose efficiency and morale are low and pay excessive given the results achieved: *western governments* are quite right in insisting that the UN budget should be pegged at today's levels.

A second and perhaps even greater problem is with the specialised agencies of the United Nations. Some, such a the World Health Organisation, the UN Development Programme and UN High Commission for Refugees, are relatively effective. Others like the Food and Agriculture Organisation *are doing an important task* but could do it better. Yet others such as the Disaster Relief Organisation are hardly doing any task at all. And a number such as Unesco have often been identified with politics rather than the aims for which they were established.

Key issues

The Secretary General acts as chairman of the committee which meets perfunctorily once a year to co-ordinate these agencies' activities. It is a task he needs to upgrade, just as he should improve the service which the UN Secretariat gives to the General Assembly. For de-colonisation is largely a matter of history and development is one of the key issues which the world has to tackle. It is a role where the UN has often failed. One of Sr De Cuellar's first tasks must be to bring a clearer focus to the General Assembly, *especially on* economic issues.

HABITAT AND MOTHERCARE

Conran's grand design

By Barry Riley

Ashley Ashwood

Mr Selim Zilkha (left) of Mothercare and Mr Terence Conran of Habitat: "We have the whole world still to conquer"

SELIM ZILKHA, founder, chairman and managing director of Mothercare, has a straightforward explanation of what could appear to be a curious decision to sell out his successful chain of some 400 stores to the much smaller retailing group Habitat.

"I have been doing it for 20 years," he says. "I felt that we needed a breath of fresh air."

That fresh air is, according to proposals unveiled yesterday, to be supplied by Terence Conran, chairman of Habitat which embraces not only the *chain of over 50 furniture* and household goods stores but also Conran Associates, a design consultancy with offices in London and Paris.

Already Conran Associates has around 20 retail clients throughout Europe including Boots and Marks and Spencer in the UK, Sikkens and Hema in the Netherlands and the Globus-ABM Interio Group in Switzerland. Recently Mr Conran became non-executive *chairman of another of his UK clients, the* Hepworth menswear chain.

The story of Mothercare goes back to the end of the 1950s, when Selim Zilkha—in brief partnership with budding entrepreneur Jimmy Goldsmith — bought a chain of chemists *shops from Charles Clore.*

After several years of trial and error, and the purchase of the W. J. Harris chain of pram and nursery shops, Zilkha created Mothercare. This had all the attributes of the classic specialist retailing operation, for Zilkha had spotted a highly profitable niche in the market and attacked it vigorously with design and marketing flair.

He grouped together, under the slogan "everything for the mother-to-be and her baby and children under five," a product range which had previously been scattered amongst the departments of rival retailers. Central buying power enabled Mothercare to undercut specialist local shops without *sacrificing margins — in the* early 1970s pre-tax margins reached 17 per cent of sales.

It was an approach that could be reproduced on every High Street in the UK, and when Mothercare went public in 1972 it soared to a very high stock market rating based upon the expectation of rapid expansion.

Those hopes were not disappointed. From £3m in 1971-1972, pre-tax profits advanced *without a setback to a peak of* £22.3m in the year ended March 1980. But since then Mothercare's fortunes have taken a distinct turn for the worse.

There are various reasons. Competitors like Marks and Spencer and Boots have hit back in the UK market. Overseas expansion has proved generally disappointing: Mothercare is moderately profitable in Continental Europe, where it operates some 26 stores in eight countries, as well as having a substantial mail order business, but the expansion in the U.S., where there are nearly 200 branches, has led to losses. There was a trading loss of over £1m in the U.S. in the six months to last September.

Above all it would seem *that Mothercare's driving force* Selim Zilkha has been losing his enthusiasm for the group. He denies that his decision to sell out has been dictated by the more difficult trading conditions. "I felt," he says, "that somebody else would do it better."

Why did he have to *look* outside the company for a successor? "Entrepreneurs do not come up through the ranks," he points out. Yet he feels that Mothercare still needs entrepreneurial guidance. "We have the whole world still to conquer."

The entrepreneur he has turned to, Terence Conran, could scarcely be more different in background or character. *The voluble and excitable* Zilkha, aged 54, is the scion of a wealthy Baghdad banking family, and was educated in Egypt and the U.S. Four years his junior, Conran is a diffident Englishman with a public school education and a penchant in earlier years, for claiming socialist leanings.

Holding U.S. nationality, Selim Zilkha has substantial U.S. interests (he hopes to *spend half his time in America* from now on) and his recreations include bridge, backgammon and horseracing. Conran opted out of art school at an early stage and had a varied early career in furniture design and restaurants before opening the first Habitat in Fulham Road in the swinging sixties. His recreations are less glamourously listed as cooking and gardening.

In Habitat, Conran has achieved much the same impact in specialist retailing as Zilkha in Mothercare, though in a *rather more narrow market.* He made his name with his flair for design, but his subsequent achievements have largely been based upon a very sensitive feel for the tastes of the educated but not necessarily wealthy middle classes.

As a rather more up-market operation than Mothercare, Habitat has been much more selective about sites—with 34 stores in the UK against 193 for Mothercare. Like Zilkha, however, Conran has built up a substantial mail order business, and has been seeking new growth areas overseas.

Habitat has 15 stores open, or about to be opened, in France and two in Belgium. Six stores are trading in the U.S. under the name of Conran's—though, as with Mothercare, the early days in America are proving sticky, with a trading loss of over $1m in the year *ended last* June.

Both sides deny that there is any question of rationalisation of sites or product lines. The idea is that the two chains will continue to be separately managed under the direction of a small parent company Board, with only four members, including Terence Conran as chairman and Selim Zilkha as a non-executive director.

The suggestion is that the Habitat side — through the design agency Conran Associates and the personal contribution of Terence Conran—will be able to beef up the product design and market positioning of Mothercare, areas in which it has recently seemed to be in need of a shot in the arm.

It will first be necessary, however, to convince a sceptical City that this is not just an attempt to gloss over a gaping management gap left at Mothercare after the departure of Selim Zilkha, who is taking a very substantial fortune with him.

Several times before Zilkha has cashed in on Mothercare's success. In 1975 he sold shares worth £7.9m, and in 1977 a large placing raised another £21.6m for the family. Now Zilkha's remaining £19m stake will be much further reduced, though he says he will retain a holding of over £1m in Habitat Mothercare after the merger.

City sceptics are conscious that Selim Zilkha's decision to withdraw has come after marked weakness this year in the Mothercare share price—especially since the disappointing interim results in *October*, which revealed a drop in pre-tax profits from £8.05 to £6.6m.

What changes could be made at Mothercare? First, it would appear that merchandise changes are already being introduced by the existing management. "I hope that the spring merchandise will be much better," says Selim Zilkha, mentioning prams, baby wear, school wear and maternity wear.

Clearly this will be an area where the design capability of Conran Associates will be relevant in the future, probably aiming at introducing a little more flair to Mothercare's rather utilitarian ranges.

This approach will also be applied to the design of the shops themselves. "A little less clinical, a bit more friendly," is how Conran sums it up.

This approach has Selim Zilkha's support. "I have a feeling also that our shops are too clinical," he says. "It was right for a long time but now I feel they should be warmed up considerably."

The troubles of both companies in breaking into the U.S. market give them a fellow feeling in this respect—but can Habitat provide any new answers for Mothercare? Here, Conran draws on his experiences in France, where Habitat opened its first store in the Montparnasse shopping centre in Paris in 1973.

"It took four years to get Habitat profitable in France," he points out. "Now we are one of the two or three most profitable French retailers." The return on capital employed in France is now equivalent to that of the British operation, and there are *plans* for a significant increase in the number of Habitat stores there.

Both Mothercare and Habitat agree that it is worth spending a lot of money in the early stages to build up a successful U.S. operation. "We are still feeling our way in America," says Zilkha. The company is halting expansion there at a figure of 200 shops, and will be in a phase of consolidation until the operation becomes profitable.

"We are going to persevere," promises Zilkha. "We shall be incredibly successful," claims Conran, adding that there may be greater management integration of the two companies' operations in the U.S. than in Britain.

Barney Goodman, who currently runs Mothercare's U.S. activities and will sit on the *proposed four-man holding* company board, is highly enthusiastic about the international scope for *Habitat* Mothercare.

"*It is a structure capable of* being expanded in a phenomenal way in another ten countries," he suggests.

In the end, however, the credibility of the Habitat-Mothercare merger rests upon the design and retailing flair of Terence Conran, who could now have a little less free time to devote to activities like advising the Council of the Victoria and Albert Museum.

At *Mothercare* he will inherit Selim Zilkha's renowned stock control systems. To this he hopes to add more customer appeal. "We *are going to* make Mothercare shops and the products they sell much more desirable than the opposition," he promises.

He adds modestly: "Our work should be recognisable in two years' time."

habitat

The first Habitat store was opened in 1964, on London's Fulham Road. By this summer, there were more than 50 stores, of which 32 were in the UK, 15 in France and Belgium and six on the north-eastern seaboard of the U.S. Net selling area is around 80,000 square yards. Apart from the retail and mail order of furniture and other home products Habitat also has an international design consultancy business. Pre-tax profits in the year to June totalled just less than £4m, excluding the surplus on property disposals.

Mothercare

Founded in the early 1960s, Mothercare became a publicly quoted company in 1972. Since then, the number of stores has risen from 139 to 417, of which 193 are in the UK, 26 in Continental Europe, and the rest in the U.S. Altogether, the group has around 100,000 square yards of net selling space. Profit margins have been declining since the mid-1970s, and pre-tax profits fell from a peak of £22.3m to £18.1m in the year to last March. The first six months of the current year brought a further decline of nearly a fifth.

Men & Matters

A store is born

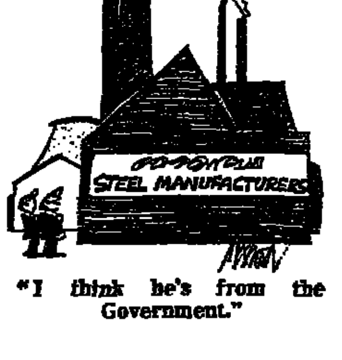
Mothertat? Conrancare? That is one for the directors of Habitat and Mothercare to sort out, having settled for the time being on the cumbersome "Habitat Mothercare PLC" for their proposed merged group.

But there was another more pressing question at yesterday's session to explain the details of the bid. What was Jacob Rothschild doing on the top table? According to Roger *Seelig* of Morgan Grenfell, who did the honours, Rothschild "needs no introduction." Which was the right cliche at the wrong time. His name and reputation *usually speak* for themselves. But with Morgan Grenfell on one side and Hambros on the other, where did the RIT chairman come into this one?

Somewhere pretty near the start, seems to be the short answer. Rothschild had known Selim Zilkha for some years, sensed that change might be in the air for Mothercare, and with a neat bit of head-hunting-cum-merger-broking effected the overtures with Habitat. He had met Terence Conran "naturally," he said yesterday —"in my natural habitat" capped Conran.

The two parties have been eyeing one another up for several months. The first set of *merger talks ground to a halt* before the flotation of Habitat in autumn, but the mating urges reasserted themselves only two weeks before yesterday's reading of the banns.

A nice piece of action for an investment trust—even a Rothschild investment trust. But then, ten years ago Jacob Rothschild was devoting his energies to saping a punchy corporate finance department for merchant bank N. M. Rothschild. Old habits, it seems, die hard.



"I think he's from the Government."

Point scoring

The man who bought the manuscript of the Marseillaise for £12,500 on Sunday said that getting it had been a "point d'honneur." But to the French establishment well-represented in the Versailles auction room, it was more like an expressively obscene gesture made with the fist and known as the "bras d'honneur."

Amid cries of "disgraceful" the *historic document* was knocked down to Serge Gainsbourg, pop musician and occasional actor and film producer.

A couple of years ago, Gainsbourg — best-known for his song "Je t'aime moi non plus" which featured the heavy breathing of Jane Birkin — created a scandal by recording the Marseillaise in a reggae version.

The manuscript bought by Gainsbourg is an autograph *score signed by* Rouget de Lisle, composer of the song made popular by the people of Marseille during the Revolution. It is not the primary 1792 text: that has vanished. Gainsbourg's score is dated August 1833 and is addressed to the Italian composer Luigi Cherubini with the covering note: "One of my old bits of twaddle." That sentiment *seems to* have delighted the new purchaser no end.

Nominal value

How much is a name worth? Well, in the case of the late Moshe Dayan, Israel's one-eyed war hero and statesman, it is about $200,000. That is the difference between the market value of his home in Zahala, near Tel Aviv, of $400,000 and the asking price of $600,000.

For your money you will get a modest single-storey detached cottage, standing on a ½-acre plot which also contains some of the rare archaeological objects Dayan "acquired" over the years.

The estate agents are currently visiting England to talk to some potential purchasers who believe that it is worth paying a little extra to be able *to live in the home of the man* whose black eyepatch became the symbol of modern Israel.

'ad enough

Political parties may be exempt from the marketing laws in Denmark — but *the way they* sold each other short in last week's general election has sorely provoked the country's advertising industry.

Enough to give all advertising a bad name, booms Lars Thomassen of Copenhagen ad-agency Henriksen and Sieling, firing off a complaint to the consumer ombudsman.

One of the political ads that Thomassen deplores sounds no more than a fair warning to me. "When the election is over, the other parties will all make fools of you — as usual," said the tax-rebels' Progress Party.

But Thomassen protests that it comes nowhere near meeting the standards of honesty, decency, and "due sense of social responsibility" demanded from other advertisers by the code of marketing practice.

Advertising by trade unions and pressure groups was just as bad, he says, citing an Office Workers' Union warning that Liberals and Conservatives were "out to get the unemployed, the young, the old, the weak, the sick, the small man—and you."

The ombudsman, Thomassen *believes, may be able to curb* them even if he does not do anything about the political parties. They will get their comeuppance sooner or later, he says. "Professional advertisers know you can't talk down to people, insult their intelligence, without damaging the message you are trying to get across."

Inside story

Though agreeing about few things, West German Chancellor Helmut Schmidt and East Germany's Erich Honecker did discover during their summit weekend that they have similar tastes in interior decorating.

"How do you like the furnishings?" Honecker asked proudly as he led Schmidt into the Government guest-house near Werbellin Lake where the talks were held.

"*Excllent, excellent,*" Schmidt beamed, then added tentatively: "Except for one thing—that curious lilac-coloured lamp in the corner."

Attendant officials froze, fearing the Communist leader would feel insulted. They needn't have worried. "You're quite right," Honecker nodded. "It doesn't fit. It was a present from Fidel Castro." No further explanation was needed.

Observer

THE POLISH CRISIS

What Moscow fears most

By Anthony Robinson, East Europe Correspondent

"THERE IS no meat in Moscow — so they go on strike in Warsaw." This cynical joke with its mixed undertone of resentment at deprivation and envy of Polish liberty was how ordinary Russians reacted in the early days of the Polish crisis. But the view of the Soviet leadership has been much less sanguine from the outset.

Not the least of their concerns has been the fear that the Polish crisis will divert them from their own serious preoccupation with the state of the Soviet economy. They have been forced by three bad harvests, the strain of military competition with the West and mounting evidence of basic structural weaknesses in the centralised planning and archaic price system to prepare for economic reforms. The first stage of moves to introduce elements based on the Hungarian "new economic mechanism" is due to take place on January 1 next year with the introduction of sweeping increases in the prices which enterprises have to pay for oil, gas and other key inputs. Hopes of orderly change would be dashed by any intervention in Poland.

The Russians have never been under any illusion about the implications of the nation-wide popular revolt against inefficient and corrupt Communist party rule in Poland. They know that it represents the greatest post-war challenge they have faced — not only to continuing Soviet hegemony over Eastern Europe, but also to the Soviet Union's own internal stability and standing in the world.

Previous Soviet military interventions in Hungary and Czechoslovakia occurred before the process of detente and the great expansion of East-West links. These encompass not only trade and finance but also arms control negotiations, co-operation in joint space projects and scientific and cultural exchanges and a whole range of other links which simply did not exist in 1956.

All this carefully constructed super-structure would be placed at risk by Soviet intervention in Poland, and the Russians know it. What is more, their own historical experience with the Poles tells them that military intervention would almost certainly be bloody and would have to be followed by permanent occupation in conditions of active and passive resistance.

Thus far, the arguments against intervention have clearly outweighed the arguments of those within the Soviet power structure who have been in favour of intervention. The Soviet decision-making process is shrouded in mystery, but President Leonid Brezhnev himself hinted at a fierce debate within the Soviet leadership at the time of the Soviet decision to invade Afghanistan in December, 1979. It would be stretching credility too far to suggest that divisions over policy towards Poland were not equally as deep.

But Mr Brezhnev has linked his start to a continuation of the detente policy, which has its costs and risks, but on balance has greatly helped Soviet foreign and domestic ambitions. Ever since the invasion of Afghanistan Mr Brezhnev has re-doubled his efforts to keep the basic detente policy on the rails. Despite age and poor health, he has summoned up the energy to travel, make speeches and re-assert his leadership.

But—and it is a powerful and dangerous but—the implications *of all this are that if the imposition* of martial law in Poland *does not lead to the hoped-for* stabilisation of the Polish crisis *and the Soviet Union feels* forced to intervene, it could do so *in a spirit of anger and rage* fearful to behold.

For such a decision would imply Soviet determination to risk everything it has achieved so far in order to re-impose its will and re-establish its authority. It would mean a decision to retreat into a bristling, aggressively defensive larger mentality which would imply massive economic sacrifices, a further expansion of military spending and possibly, the re-imposition of harsh political repression within the Soviet Union itself. There would also be a return to the cold war in the infinitely more dangerous and threatening nuclear environment of the 1980s.

This would not only entail enormous risks to world peace *—it would also carry with it a* high risk of internal revolt from *a Soviet population which has* submitted to the horrors and *deprivations of Stalinist terror* once and appears in no mood to suffer similarly again.

There can be no doubting the desire of the Soviet people for peace and greater prosperity after all the trials they have gone through and the sacrifices *demanded of them* by a Soviet leadership determined to achieve nuclear parity with America and to extend the *Soviet Union's global* influence.

But the Polish crisis has erupted at a time when the ability of the Soviet economy to deliver the *slow improvement* in living standards of the last *20 years has in any case been* coming under increasing strain. *Indeed, in many ways the Polish* crisis is a symptom, or rather the extreme case, of an economic, as well as political crisis throughout Comecon. *The* economies of the Eastern bloc *are struggling to come to terms* with the technological revolution, the higher price of energy and other inputs and rising debt to the West.

It is in face of these problems that the Soviet Union plans to raise by over 40 per cent the price of energy and other inputs on January 1.

It is part of a long-delayed *effort to bring home to Soviet* managers the harsh fact that the *Soviet Union is no longer a* producer of low-cost, geographi*cally convenient energy and raw* materials but an increasingly *high-cost* producer and low-efficiency consumer of abundant but distant and expensive resources.

In the absence of a rational pricing system the state budget has been burdened by the cost of ever-growing subsidies and enterprises have been unable to calculate real costs. Planners have had no reliable yardstick against which to assess marginal costs and comparative efficiency, both essential elements in western concepts of effective resource allocation.

For decades the vested interests and proverbial lethargy *of the Soviet bureaucracy have* fought against radical changes to the neo-*Stalinist* central planning system. Now, however, *the myth that inflation* is a purely capitalist disease to which *socialism is immune* is no longer sustainable. What has made this so is *very largely the* accelerating east and northward shift in the economic axis of the Soviet Union and the huge increase in costs involved in the exploration and exploitation of the enormous energy and mineral wealth of Siberia and parts of Central Asia.

But this is now only part of a two-way squeeze of unprecedented severity. On the one hand, the Soviet Union is *having to budget* for a 50 per cent increase in its energy investment *programme* to 132bn roubles (over $170bn) in order *to produce marginal net increments* to oil and coal output, a 260bn kwh increase in electricity output to 1,555bn kwh and a spectacular 45 per cent increase in gas output to 630bn cu metres by 1985.

On the other hand, the effortless improvement in the Soviet terms of trade which accrued since the 1973 Opec price revolution has come to a halt. If latest Western forecasts of future world energy use and prices are to be believed this stagnation in hard currency earning power could be long-term. What is more, lower prices for Soviet oil, gold and other internationally traded products have coincided with a continuing agricultural crisis, although 27 per cent of the entire investment budget continues to be channelled into the agricultural sector. The third bad harvest in five years means *that the Soviet Union will* be spending well over $6bn in *grain and fodder imports this* year, with little chance of large *cut in future years. This heavy* spending comes on top of higher imports associated with the West Siberia-Western Europe gas pipeline deal.

Eventually, the gas pipeline will pay off by creating a major *new source of hard currency* income well into the 21st *century.* But *initially* it will lead to substantial new borrowing at a time when Poland has already absorbed the equivalent of $4bn in hard and soft loans and threatens to become a running sore. The opportunity cost of supplying 10m tons of oil to Cuba and supporting client states in Africa and Asia is also steadily rising.

One clear indication of the strains now being felt can be seen in the rapid deterioration in the Soviet Union's hard currency trade balance this year. According to the Washington-based *Wharton Econometric* Forecasting Associates this year's current account deficit with the West is expected to rise sharply to $8.3bn. This is being financed by a rapid run-down in hard currency deposits with Western banks (down nearly $5bn to $3.6bn between December 1980 and June 1981 according to BIS figures) gold sales (on a falling market) and higher foreign borrowing (linked principally to the import of equipment for the Siberian pipeline). Failing an unexpected increase in hard currency export earnings, this trend is likely to continue.

Against this background a proposed 10 per cent cutback in oil deliveries to Comecon and a reform of the wholesale pricing system inevitably look a rather puny response to large and growing problems, deeply rooted in the Soviet political and economic system.

Wholesale price reform, like other attempted economic reforms in the past, may still fall foul of the delaying powers of a huge and conservative bureaucracy. Alternatively, the changes could be a precursor of more radical changes to come—including the closure of inefficient, fuel-hungry and loss-making enterprises and unemployment. This is one of the spectres currently haunting Poland—and the reality which is part of similar reforms in Yugoslavia in 1965 and of contemporary Hungarian reforms.

In the meantime, the accumulating problems of the Soviet economy provide an insight into the economic case for Soviet sincerity in nuclear and other arms reduction talks with the West. They also go a long way to explain Soviet restraint over Poland so far. The last thing the Soviet Union wants now is intervention in Poland which could both sever links *with the West when they are* needed most and push full *responsibility for rescuing the* Polish economy on to Soviet shoulders.

Lombard

The PSBR and interest rates

By David Marsh

THE GOVERNMENT is probably irked that discreet voices from the Bank of England have now added themselves to the chorus of opinion that UK fiscal policies are too tight and should be relaxed to allow the economy to expand out of recession.

In *arguing* that the Government's borrowing requirement, *after allowing for the effects of* the recession, is very tight, the bank—*or at least some of its* economists—appears to have *joined* a loose coalition ranging from reflation-touting Cam*bridge economists* through to the Institute for Fiscal Studies and some of the more sensible city stockbroking firms.

Whitehall will not thank Threadneedle Street for that. The bank has already, in Mrs Thatcher's eyes, messed up the *money* supply. And some Treasury eyebrows may be getting twitchy at the suspicion that the Bank is becoming a hotbed of alternative views.

After all, Professor Robin Matthews of Clare College, Cambridge, who with others has put forward proposals for a £5bn reflation package and has recently "come out" as a member of the Social Democrats, is head of the bank's panel of academic advisers.

There is a great deal of evidence that the Government's *fiscal stance* is highly restrictive and has contributed to the depth of the recession.

That might be a sacrifice *worth* bearing if the Government could prove its case that *low public borrowing* has kept interest rates down. Unfor*tunately experience* does not bear this out.

The level of public borrowing is clearly one of the factors *influencing interest rates, but* the Treasury's rough calcula*tion that every £1bn of extra* borrowing adds about ½ point to the general level of interest rates may be assuming too close a correlation.

As the experience of this autumn and the past week has shown the most direct influence on UK interest rates stems, via the foreign exchanges, from the gyrations of U.S. credit markets, *themselves partly a function* of Wall Street's perception of American *budgetary policy*.

The evidence that the UK budget stance is too tight includes the following:

- As stockbrokers L. Messel have pointed out, this year's public sector borrowing requirement, as a proportion of gross domestic product, is *lower* than at any time in the 1970s once allowance is made for the effect on government finances (in increased social security spending and lower tax receipts) of unemployment over 2m.

- *Figures from* the OECD show that Britain has moved *further in the direction* of underlying budget restraint than any other *major* country in the past two years.

- The *fact that* the Chancellor is still on course for his £9bn borrowing *target* for next year gives the lie to any suggestion *that the* Government has changed its basic strategy. *Higher spending* plans are being offset by increased revenues. The Treasury is raking in extra receipts simply because *higher* than forecast inflation and unchanged tax *thresholds* in the last Budget have tightened the squeeze on *taxpayers*.

All these factors might prompt the Chancellor *when he* presents the spring Budget to override the £9bn *borrowing* target for next year and opt for tax cuts, geared *particularly* to improving capital investment, to get the economy moving.

Two pieces of purely empirical evidence could persuade him that a higher deficit—say £12bn or £13bn—could be easily financed (partly, perhaps, through greater recourse to OPEC borrowing) without pushing up interest rates.

He could reflect that one of the factors at present pushing up UK interest rates — apart from fresh pessimism on Wall Street—is borrowing by companies to pay tax bills.

And he could also ponder over calculations by Morgan Guaranty which show that Japan is running a slightly larger overall government deficit (in terms of gdp) this year *than the UK*—and yet has the lowest interest rates in the world.

Letters to the Editor

Shocked but not surprised by the Monopolies report

From the Chairman, Wider Share Ownership Council

Sir,—I cannot believe that I am alone in being shocked (al*though not surprised*) by the findings of the Monopolies Commission in the matter of Lonrho and House of Fraser and the action which the Secretary of State is reported to be taking in pursuit of it.

The Monopolies Commission appears to justify its verdict largely on the grounds that Lonrho does not have — and, one has to suppose, could not acquire—the management necessary to carry on the business at a standard consistent with the maintenance of the public interest. While such reasoning *is no doubt within the terms of* reference of the Commission, *this is by no means the purpose* for which it is generally thought *to have been established* and the precedent which the decision *sets* is surely both dangerous and contrary to the general policy of the Government. The logical conclusion would be for all prospective mergers and takeovers to be examined in the light of management capability, and if such examination is to be conducted by a body appointed by Government we have certainly moved a very long way from the working of Conservative freedom.

Many readers will suspect that the true reaon for the Monopolies Commission's decision is the view that any further advance by Mr Rowland must be *resisted at all costs. This may or* may not be justified, but its *justification on grounds of* managerial efficiency comparisons will be a good *deal less* than convincing to shareholders, who may well feel that they have been treated with some degree of bureaucratic contempt.

Edgar Palamountain,
Juxon House,
94 St Paul's Churchyard, EC4.

Letter of credit delays

From the Managing Director, Custom Buying Associates.

Sir,—May I suggest that as a post luncheon diversion over Christmas readers set themselves to invent a new method of secure payment in international trade to replace the letter of credit?

How many people who wrestle *with these infernal documents* realise that only a small minority of them are accepted for payment on first presentation (i.e. without costly, time consuming and payment delaying queries by the paying bank)? One overseas department of a major clearing bank recently claimed to me, *with pride* that "nearly 50 per cent of our letters of credit are paid on first presentation." Today another told me that 30 per cent to 40 per cent is its norm.

Tell me any other business procedure where such a ridiculous state of affairs would be tolerated for one week, let alone *several centuries. Suppose* only one third of our cheques *were honoured* when tentatively pushed over the *counter? What if only* 30 per cent of credit card transactions *were carried through* without query?

John Brodrick,
13, Cunningham Hill Road,
St. Albans, Herts.

Uptake of higher education

From the Chief Education Officer, City of Sheffield.

Sir,—The higher education development initiated by Robbins may indeed have been skewed by the academic ethos (Michael Dixon on "The universities and the cuts" in Lombard (December 8)) but is there not also the possibility that the economic lot of the country, dismal as it is, might have been even worse if the HE development had not taken place? And Robbins aside, it would have been worse if we hadn't had the parallel very large developments in public sector HE, notably the polytechnics, with its closer applicability to explicit demand for qualification and competence in industry and commerce.

There is surely no doubt that more people educated to a higher level of competence are desperately needed in the UK, whose economy will go on limping as long as it sticks with too much low value added production and the lower grade technologies. And expediture on producing such competence must surely be counted investment in human capital. The really de*pressing thing about the UK is* not that we have over-invested *in higher education (though we* might have managed our port*folio more wisely)* but that we don't seem to know how to use the human capital.

Capital unexploited has only the potential of a reserve, and capital that is dormant because ignored will even have a negative effect on the liveliness of the economy. But there is nothing necessarily wrong therefore with the colour of the money; it is the neglected uses of it that are most to be criticised.

So there may be less wrong with the HE product than with its uptake. Is it not significant that only 40 per cent of UK chief executives have first degrees—compared with for *example 70-80 per cent in the* U.S.? Is it not near tragic that (as it is reported) 75 per cent of the output of the London *Business School goes to foreign*-owned businesses—60 per cent to American companies alone? Has industry and commerce in *the mass* in this country really applied itself, in the matter of running an advanced economy, to the connected issues of its *external competence in the mar*ket and the internal competence *of its leading manpower?* How long must it be before the penny drops?

Michael Harrison,
PO Box No 67,
Leopold Street, Sheffield.

Pakistan's energy requirements

From Mr A. Yasamee

Sir,—I read with great interest David Dodwell's admirable article (*November 25*) on Pakistan's energy problem. It is admirable in terms of objectively fair analysis of Pakistan's energy requirements, if it is to hoist itself above its poverty. Domestic production of oil barely provides 10 per cent of Pakistan's total oil requirement of 93,000 b/d. Is it any wonder that, despite a modest find of oil at Kashkeli, Pakistan found itself in a state of euphoria and regarded the find as "a blessing from Allah"?

Oil imports at present account for 29 per cent of imports; they eat up 54 per cent of export earnings. This is clearly a heavy burden which will increase with world-wide inflationary trend, unless some *additional source of energy is* soon developed. Given the fact *that Pakistan is not rich in* energy resources, can it really *afford not to develop the only* other source which can only be "*rapid development of* nuclear power," so realistically put by David Dodwell.

Abdullah Yasamee.
49, Queens Road, SW19.

It's only make believe

From the Resident Director of Research, Glynn Research Institute.

Sir,—Justinian (December 7) and Rachel Davies (December 8), writing about tax avoidance, highlighted the fascination of the Burmah Oil case to lawyers and tax consultants, because the House of Lords evidently acted on a principle invoked by Lord Wilberforce in the earlier Ramsay case: "The capital gains tax was created to operate in the real world, not that of make-belief . . . . it is a tax on gains . . . . not on arithmetical differences . . . ." As Justinian concluded, Burmah Oil's argument failed because the so-called capital loss shown in their books "was not a real loss."

May I suggest that the equitable application of this principle of realism to tax-payer and tax-collector alike may be not only interesting to the experts, but could have far-reaching beneficial effects on our monetary system. When a so-called capital gain, shown in a taxpayer's books as an arithmetical increase in the quantity of currency, does not correspond to a gain of purchasing power or realisable money, but is attributable to inflation of the currency, the Revenue's argument *should* fail because the so-called capital gain is not *a real gain. The implementation* of such realistic and fair principles of *taxation* would obviously depend on the use of a suitable *form of constant* purchasing power accounting.

(Dr) *Peter Mitchell*, FRS,
Glynn Research Institute,
Bodmin, Cornwall.

Proposed reflation package

From Mr P. Foley

Sir,—The proposed reflation package of Professors Hopkin, Miller and Reddaway (December 8), is ideally suited to the *present* economic situation in the UK. The principal threat to any possible recovery next year is the poor outlook for consump*tion expenditure* (and the "knock on" effects on stock*building*) The *reason* for the poor consumption outlook is the *continuing fall in real incomes.* This is a typical Keynesian story of demand deficiency, when cuts in real wages do not help to pull the economy out of recession. The proposed cut in the VAT rate would exploit the difference between the real wage faced by employers (which is based on their output price) and the real wage earned by employees (which is based on prices generally. In fact a VAT rate cut might even lower employers' real wage costs (*through the effect on their net-of-tax price*), while raising em*ployees'* real wages, and thus boosting demand.

Patrick Foley,
4/6, The Paragon,
Blackheath, SE3

Martin the Newsagent expands

AN INCREASE of 15 per cent in pre-tax profits was shown by Martin the Newsagent for the year to September 27 1981. The taxable result rose from £3.22m to £3.8m, on sales £11.62m higher at £107.44m, excluding VAT.

The net final dividend has been lifted from 5.75p to 6.54p, making a total of 10.5p, compared with 9.35p. Basic earnings per 25p share are given as 48.2p, against 42.8p last time.

At the trading level, profits rose 15 per cent from £3.59m to £4.14m. There was a credit for investment income of £33,000, compared with £20,000 and interest charges of £369,000, lower than the previous charge of £391,000.

Attributable profits emerged higher at £3.4m, against £3.1m. This was after higher tax of £635,000, against £425,000 lower *extraordinary credits of £239,000*, compared with £314,000, and preference dividends of £8,000 (same).

• comment

Martin's pre-tax profits advance of 18 per cent is slightly distorted by last year's relocation costs. Stripping these out, the increase is about 12 per cent, in line with sales. For the first time for four years, only one wage increase was conceded during the period, helping to control costs. Margins have been further improved by cutting down on cigarette discount selling. Loss of volume has been partially offset by increased newspaper sales, aided by the bingo boom and fewer problems from Fleet Street industrial action. Although retail outlets are down 10 from last year, space has increased by 17,000 sq ft, showing the trend to bigger *stores with wider product range*. Reflecting this, book sales are steadily rising. Since these figures, Martin enjoyed a good Guy Fawkes, but the recent cold spell has caused a hiccough in the Christmas sales drive. Over the current year capital expenditure of about £4m, on modernisation and new sites, is planned. The dividend has been increased by under an eighth, but cover is virtually unchanged at 4.6. The price rose 4p to 234p, yielding 6.6 per cent, and the p/e fully-taxed is about 8, underscoring a growing City belief that the CTN sector may be undervalued.

BOC jumps in final quarter to finish 50% higher at £92.7m

FINAL QUARTER pre-tax profits of BOC International expanded from £13.8m to £29.7m and lifted the figure for the full year ended September 30 1981 to £92.7m, against £61.5m, a rise of 50 per cent.

Sales of this group, which is involved in industrial gases, welding products, health care and carbon graphite products, went ahead to £1.52bn, compared with £1.19bn, with a boost from £286.7m to £444.7m in the past three months.

Last January the directors forecast that profits for the year would substantially exceed those of the previous year.

Mr Richard V. Giordano, managing director and chief executive, explains that results included a £16.2m exchange gain, but were after special charges, which included redundancy costs amounting to £17.4m. As a result the reported increase in pre-tax profits "reflects the underlying improvement in operating performance during the year."

Results have been calculated on a modified historical cost basis; in current cost terms, pre-tax profits rose 57 per cent to £94m (£59.8m).

UK results for the year bore the substantial charge for redundancies arising from manning reductions necessitated by the recession. However, Mr Giordano says the benefits in terms of better productivity, a lower cost base, increased competitiveness and longer-term stability are considerable.

The exchange rate movements accounted for the increase in borrowings—net borrowings and finance leases were £516.2m (£473.4m)—although cash flow was positive for the year and borrowings declined on a comparable exchange rate basis. Gearing dropped from 40.5 per cent to 35.3 per cent, "which we consider to be an acceptable level."

The net total dividend for the 12 months is stepped up from 4.62p to 5.11p per 25p share with a final payment of 2.8p.

Earnings per share are shown as 15.48p (13.32p) undiluted on a nil distribution basis and 13.33p (11.29p) net, and 15.14p (13.17p) fully diluted on a nil basis and 12.98p (11.14p) net.

Pre-tax figure was after operating costs of £1.26bn (£994m), depreciation of £111.7m (£87m), associate's share amounting to £7.6m (£4.8m) and after interest of £65.7m against £56.7m.

After tax, £37.6m (£17.3m), minority interests 11.1m (£7.3m) and an extraordinary credit of £0.6m (£10.6m debit), the available balance came through up from £26.3m to £44.6m. Dividends will absorb £16.9m compared with £15.2m.

A regional analysis of trading profits—£158.4m (£118.2m)—shows: Europe £27.4m (£23m); Africa £21.7m (£17.2m); Americas £55.4m (£50.4m); Asia £2.4m (£1.6m); Pacific £33.3m (£25.5m). Inventory gain was £18.2m (£22m) and exchange adjustment, last time, was a £21.5m debit.

As at September 30, balance sheet shows fixed assets of £1.15bn (£896.8m), shareholders' funds of £787.1m (£583m) working capital of £271.6m (£244m), and total assets of £1.46bn (£1.17bn).

The group said later that an improvement in profits was expected for the current year.

See Lex

Sir Leslie Smith, chairman of BOC International which reported a substantial profit improvement for the year to September 30 1981.

May and Hassell in the red midway

INCLUDING the share of losses of the associate amounting to £145,000, against £49,000, the pre-tax result of May and Hassell, timber importer, was a £218,000 deficit for the half year ended September 30, 1981, compared with profit of £101,000. Group turnover fell £1.5m to £25.43m.

The third quarter should show some improvement on the second, and the full year should see at least elimination of the interim loss, says Mr Peter J. Atley, the chairman.

The interim dividend is maintained at 1.3p net per 25p share, and the chairman hopes it will be possible to pay a final distribution—last year's final was 2p.

The chairman explains that, despite a first-quarter loss, there were nidications of a return to profit. This situation was maintained in the second quarter, but the small profits each month were insufficient to eliminate the losses in April and May.

There was no tax this time (£30,000) and after minority interests, £35,000 (£9,000) and an extraordinary credit of £43,000 previously, the available figure was a loss of £183,000, compared with profits of £123,000.

• comment

Like the rest of the timber trade, May & Hassell has had a slightly less desperate time since the summer. Trading margins have turned positive again —if only to a minimal degree— and from June onwards income gearing has been less than 100 per cent. But if the external factors—currency and timber shippers' prices—have helped to restore profits to the importing business. May's remaining activities have done less well than last year. Sliding demand from the construction industry has made it more difficult to squeeze profits out of timber marchanting and building materials. Volumetric housing remains an unrewarding product, but the Hallam Group is at any rate smaller than it was, and its loss-making potential more limited. May & Hassell remains a heavily geared business in the classic style of family dominated timber companies; capital gearing is now at a seasonal peak of around 100 per cent, falling to something like 70 per cent by March.

Dobson Park £4.8m setback

A SETBACK in profits was shown by Dobson Park Industries for the 53 weeks to December *3 1981. The taxable result* slipped from £15.33m to £10.53m. Sales were higher, rising from £169.81m to £172.31m.

The final dividend has been held at 3.31p, making a net total of 5.21p (5.2075p). Earnings per 10p share are shown to have fallen from 16.3p to 8.7p.

After minority credits of £109,000 against a debit of £76,000, and extraordinary debits of £1.3m (nil), attributable profits emerged lower at £5.78m compared with £11.11m.

Attributable CCA profit was well down at £4.5m (£6.8m) before extraordinary debits.

• comment

Dobson Park is down by 31 per cent at the pre-tax level and, setting aside a dull ordering outlook from the NCB (which accounts for between £70m and £80m of the mining division's turnover) the real culprits are to be found in the recently restructured power tools division. A savage fall in demand of perhaps 50 per cent in the UK market and 30 per cent in exports, slashed the trading contribution from Kango and Powerlite by £3.3m. Wolf, losing £660,000 in its first full year, has been similarly hurt by loss of demand and hard import competition but the two divisions are now being merged under new management and, after heavy reorganisation, the group is better placed to make progress in what are still very difficult conditions. The engineering operations have made encouraging, if small, steps forward thanks principally to Markon's strong position in the power engineering field. The shares climbed 2p yesterday to 86p for an historic p/e of 13.8. There is some support from a yield of 9 per cent but the price should be looking for a good measure of recovery this year. The non-UK mining outlook is beginning to improve with the successful installation of shield equipment in the US, Australia and India. Marathon—apparently well on budget after eight months—adds to Gullick's presence in U.S. warehousing and maintenance facilities. Yet with a very strong balance sheet and dividend cover on a CCA basis, the shares are not totally reliant on an immediate recovery.

Crown House advances midterm despite £0.3m acquisition losses

PRE-TAX PROFITS of Crown House advanced sharply from £70,000 to £347,000 for the six months to September 30 1981, after taking account of acquisition losses of £273,000, on turnover well ahead at £75.13m, compared with £58.72m.

Tax took £180,000 (nil) and after minority credits of £182,000 (£31,000 debit) and extraordinary debits of £17,000 (£37,000), profits at the attributable level emerged at £332,000, compared with £2,000.

The net interim dividend, however, is held at 2.25p per 25p share which will absorb the *same at £506,000—a final of 3p* was paid for 1980-81 from taxable profits of £2.09m.

Mr Patrick Edge-Partington, the chairman of this electrical and mechanical engineer, contractor, maker of table glassware, points out that the half-year results reflect the costs of much regrouping.

The chairman says that barring any further deterioration in the economy the benefit of these changes is expected to start showing through in profits during 1982-83.

• comment

The profits rise at Crown House, no better or worse than expected, is not simply a reflection of an improved trading picture since the previous year suffered from a £900,000 provision against a contract in Egypt that went disastrously wrong. Overseas contracts have benefited also from a favourable exchange rate. In trading terms the best performance has been in the glassware division which has *managed* to *rid itself* of expensive stocks and has turned a loss of £182,000 into a profit. Domestic electrical business and employment services have done no worse than expected because of the impact on demand of the economic recession, while there has been no new property development. However on the positive side, the group's financial position remains sound. In addition to Denbyware, the board is expecting a positive impact due to the introduction of new management into the overseas division, and the rationalisation of the electrical wholesaling activities. *It is looking* towards profits for the year of £2.5m, against last year's £2.1m, and the fully taxed p/e of 20.6 is looking for another improvement in the year after. Assuming an unchanged final dividend, the yield is 11¾ per cent.

HIGHLIGHTS

The City has been dominated by the proposal to merge **Habitat** with **Mothercare** and Lex looks at the implications of this £129m deal with particular emphasis on the stance which may be taken by shareholders who subscribed so heavily for Habitat's recent offer for sale. The column also looks at the latest property sector cash call; **Haslemere** is asking for £21.6m in a convertible loan stock issue. Lex also examines the sharp upturn in profits at **BOC International** which has pushed up from £61.5m to £92.7m. Elsewhere, companies reporting yesterday presented a mixed picture. **Martin the Newsagent** climbed 18 per cent at the pre-tax level and **Whitecroft** staged a useful recovery effort with an interim advance of 80 per cent. **Crown House** has lifted halfway profits but **May & Hassell** is in the red and **Dobson Park** has suffered a 31 per cent interim shortfall.

Whitecroft expands at half way to £1.57m and lifts interim

ALL DIVISIONS of Whitecroft have contributed to an expansion in pre-tax profits from £875,000 to £1.57m for the six months ended September 30 1981, despite a slight dip in turnover to £43.77m, against £44.92m.

The interim dividend is increased from 1.25p to 1.4p net per share.

Mr John Tavare, chairman, says that provided there are no further adverse economic circumstances, the internal improvements the group has made will enable it to show a successful outcome for the current year.

A divisional analysis of turnover and pre-tax profits shows: textiles £12.08m (£11.53m) and £581,000 (£538,000); building and engineering supplies £21.09m (£21.14m) and 477,000 (£452,000); engineering £8.3m (£8.07m) and £1.1m (£941,000); parent company loss £596,000 (£698,000); subsidiaries sold or closed £2.31m (£4.18m) and £2,000 (£358,000 loss).

Apart from interest charges, down from £1.35m to £546,000, a further reduction in borrowings was achieved, since the end of the half year, by the sale and leaseback of the company's new head office premises in Wilmslow.

Earnings per 25p share are shown as 5.3p (4p). Last year's total dividend was 3.85p paid from taxable profits of £1.73m.

• comment

Whitecroft has made some small gains in its continuing businesses so it was left to loss elimination to fuel the 80 per cent rise in interim profits. The pruning programme has brought with it a welcome level of debt reduction—net borrowings now stand at about £10m after the Wilmslow sale and leaseback—although there are no immediate plans to cut out more struggling subsidiaries. Stocks, however, are set to fall further, particularly in the building and engineering supplies division and the cash generated should form the base of a gradual redeployment of assets. The surgical cotton and motorway lighting interests may, separately, take a key role in re-shaping Whitecroft's operating structure and the group is hoping to expand by acquisition. Yet profits had been on a long plateau before last year's sharp fall and the outlook this year is for no more than part recovery. Still the dividend is up by 12 per cent and the rise should be translated into the final payment. The prospective yield is almost in double figures at 64p, up 6p yesterday which remains the only real element of support.

RIT moves ahead in first half

For the half year ended September 30 1981, turnover of RIT, investment and industrial concern, was *boosted from* £80.55m to £125.07m, and taxable profits moved ahead to £5.63m against £4.96m.

Pre-conversion earnings per share are shown as 13p (10.7p) and 12.9p (10.5p) after, and as already announced the interim dividend is 3.5p (3p) net per 50p share—last year's final payment was 10.5p paid from taxable profits of £9.11m.

Pre-tax figure at midway was split as to: investment holding £1.74m (£1.69m); investment dealing, underwriting and jobbing £2.24m (£1.46m); equipment leasing £987,000 (£884,000); and financial services and industrial activities £864,000 (£922,000).

Profits included £2.4m (£2.57m) income from investments and interest receivable of £1.36m (£2.51m).

After tax of £1.9m (£1.68), minorities and preference dividend payments, the attributable balance came through at £3.3m, against £2.78m.

Net asset value per share is given as 468p (451p) pre-conversion, as at September 30 and 464p (445p) after the same. At December 9 the net asset value was 478p pre-conversion 474p post, and 485p post assuming prior charges are deducted at market value.

• comment

An organism in constant change —RIT becomes ever more difficult to value. The present figures benefit from six months of rapid turnover in the currency markets, a source of earnings which is inherently unpredictable; at least RIT took advantage. But Anglo Leasing's advance is really quite modest, and even when allowance is made for disposals and start-up costs, a 27 per cent fall in profits from industrial services and industrial activities is something less than inspirational. And the asset appreciation since March is a negligible 2 per cent. For all that, RIT stands at a premium to the investment trust sector, where discounts to net assets average 28 per cent; on yesterday's price of 354p, RIT was 26 per cent below asset value. That is a price which suggests that shareholders are willing to take a longer than usual view. But this indulgence may be strained if RIT's performance over the next year or two remains so lacking in lustre.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Boc Intl	2.8	April 2	2.52	5.11	4.62
Brasway ......int	2.5	Feb 2	1	—	3
James Cropper ......int	1	Jan 19	1	—	2.5
Crown House ......int	2.25	Feb 19	2.25	—	5.25
Deritend Stamping ...int	2.2	Feb 22	2.2	—	6.6
Dobson Park	3.31	Feb 26	3.31	5.21	5.21
Gresham House ......int	1.4	—	1.4	—	3.55
Grootvlei	78‡	Jan 22	112	147	204
J. Latham ......int	3.35	Jan 29	3.35	—	8
Marievale	28‡	Jan 22	65	53	120
Martin Newsagent	6.54	Feb 18	5.75	10.5	9.35
May and Hassell ......int	1.3	Feb 8	1.3	—	3.3
Normand Electrical int	nil	—	1.09	—	1.09
Reliable Props	1.25	Jan 29	1.25	2.5	2.5
St Helena	145‡§	Jan 22	—	735§	723
Whitecroft ......int	1.4	Feb 1	1.25	—	3.85

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout. § For 15 months.

THE TRING HALL USM INDEX
116.2 (−0.2)
close of business 14/12/81
BASE RATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 509-514 (−7)

OIL INDEX
January Refined $43.00
March Refined $42.50

Speyhawk 25.5% capital placing

Speyhawk, a commercial and industrial property developer, is to go public this week when Barclays Merchant Bank places 2.44m ordinary 10p shares at 115p a share. The issue comprises 25.5 per cent of the capital and values the group at £11.5m.

Speyhawk was formed last September as a holding company for the property development and construction activities of Mr Trevor Osborne, Mr Derek Parkes and Mr Brian Shrubsall. These activities had been previously carried on by Speyhawk Land and Estates and L. Tellings.

Combined turnover for the group rose from £1.3m in 1979 to £11.3m for the year ended September 1981. From a small pre-tax loss in 1979, the group recorded pre-tax profits of £1.5m in 1981. The group forecasts pre-tax profits of £2.7m in 1982.

On the basis of this forecast, the directors intend to pay a 7p net dividend for the year ended September 1982.

Speyhawk has concentrated its development activities in West London and the Thames Valley. It specialises in projects which are suitable for funding and purchase by pension funds, insurance companies and property unit trusts.

Following the placing, the company's net tangible assets will be approximately £3m. The 1981 balance sheet shows land and work in progress at £2.55m and bank loans of £540,000.

Dealings in the shares start on December 18 and brokers to the issue are Sheppards and Chase.

• comment

Speyhawk seems a bit callow to be seeking a full listing, but the company has big plans. Turnover more than doubled in the past year and the group wants future growth pinned on enlarged equity rather than borrowings. Speyhawk operates in the Harrow-Richmond-Windsor area, developing properties with front financing from institutions and then handling them on, fully let, with yields in the 5¼-5½ per cent range. It doesn't carry property on its books, but the new funds will allow the group to establish its own property investment portfolio which should build up backing to the shares. Mr Trevor Osborne, the chairman, has more than 16 years experience in the field and has helped guide Speyhawk into innovative, restoration projects such as placing a boardroom in the spire of a redundant church. Its institutional clients include Boots, Nestlés, and Pilkington. A prospective yield of 8.7 per cent and a prospective fully-taxed p/e of nearly 9 gives Speyhawk a reasonable chance of flying.

Arthur Bell sees first half improvement

AT THE annual meeting of Arthur Bell and Sons, Mr Raymond Miquel, chairman and managing director, said that with the current satisfactory development of group activities it was expected that profits, before tax, for the first half of the current year would be ahead of the previous £9.78m.

Export sales volume since the year end was substantially ahead of the equivalent period he stated, and the group anticipated that profits of the Scotch whisky division, for the half year, would be not less than those in 1980.

"The level of demand for glass containers is well below total industry capacity and consequently strenuous efforts are being made by Canning Town Glass to ensure that the company is able to increase its share of the available market at prices which will give an acceptable return."

Present indications were that this division would make a profit in the first six months, he said.

The transport company was forced to absorb a significant rise in fuel oil costs during the second half of last year, and the low level of activity in the transport industry "served to preclude Towmaster from obtaining the necessary price increases to recover rising operating costs."

Steps had been taken to improve the productivity of the vehicle fleet and it was anticipated that this company would make a modest profit in the first half.

At other meetings the chairmen's statements were as follows:

Despite the continuing recession, profits of S. Casket (Holdings), for the first four months of the current year were ahead of the corresponding period in 1980. Mr Phil Casket, however, said that with unemployment at high levels, and earnings increasing less than inflation, trading conditions were unlikely to improve.

"Nevertheless, our financial position remains healthy, and our order books are at satisfactory levels," he added.

Although the outcome for the current year at Hunt and Moscrop (Middleton) remained uncertain and present trends indicated that first half figures would be under pressure, Mr E. W. Hunt told members the situation should be somewhat redressed in the second half as contracts awarded came through to delivery.

In the last three months, he pointed out, there had been an increase in the number of orders received from UK companies, compared with 12 months previously. In the first five months of the year the group's quotations and orders were up, but not, as yet, its margins, he added.

He stated that overseas business was playing a more and more important part in the development of the company.

Brasway in midway recovery

A RETURN to pre-tax profits at the halfway stage is shown by Brasway, for the 26 weeks to October 31 1981. The result moved from a deficit of £195,836 last time to a surplus of £361,225. Turnover improved from £6.83m to £11.57m.

The group returned to profit during the second half of 1980/81 and finished the year with a £70,000 surplus.

The interim dividend has been raised from 1p to 2.5p and a one-for-two scrip issue is proposed. Earnings per share are stated at 14.37p, compared with a previous loss of 9.5p.

The short-term future seems assured, say the directors. They state that the tube division was again the main contributor to profits. Market share was increased while production costs were reduced. Further cost reductions are being made to offset proposed significant increases in raw material costs from January 1982.

However, the tube management team, says the chairman, are confident of good profitability for the imediate future.

The company carries on business as iron and steel scrap processors, tube and bright bar manufacturers, in the West Midlands.

There was a charge for taxation this time of £65,000 (nil).

The scrap division is slowly emerging from a break-even situation and should produce a reasonable contribution to profits for the rest of the financial year.

Overseas demand for scrap has been matched by an improved home market. These factors, together with the cost cutting exercises, have meant a pleasing, but not entirely satisfactory picture, say the directors. Market share must increase, providing that industry starts to recover, but they see no sign of this in the West Midlands.

Since last March, the company has been engaged in the production of bright bar. Some expected teething troubles occurred, but the company has performed well and has made a satisfactory increase in home turnover.

The board believes it is too early to speak with certainty of future prospects, as much depends on home industrial recovery, but the results from this division could eventually be on a par with those of the tube side.

Helical Bar profits drop to £14,000

Pre-tax profits of Helical Bar, steel reinforcement and stockholder, dropped from £152,000 to £14,000 for the six months ended August 1, 1981, and directors say that the second half is likely to show similar results—pre-tax surplus for the whole of last year was £210,000.

And the interim dividend is omitted — last year's was 1p followed with a 1.75p final.

Turnover for the six months was also well down at £3.7m, compared with £5.16m, and the pre-tax figure included share of associates' losses of £21,000, against profits last time of £62,000.

Earnings per share are given as 0.2p (2.5p)—there was no tax for the period (£79,000 charge).

United Spring £148,000 in the red at year end

ALTHOUGH there was a small recovery in the second half, United Spring and Steel Group finished the September 30 1981 year with taxable losses of £148,000; compared with profits of £1.34m previously. External sales of this spring manufacture and steel stockholder dropped from £26.12m to £19.87m.

A slight improvement in trading, seen in the second half, together with further redundancies and a slimming down of certain operations, is enabling the loss-makers in the group to break-even or return to profits, Mr David Westwood, chairman, says.

He adds that it would be premature to regard this as an indication that the improvement will be progressive, "but having now tailored the group's manufacturing capacity to match the likely demand, the next six months should see a return to profitability."

For the first half of 1980-81 there was a £179,000 loss, compared with a £1.03m profit.

There is a final dividend of 0.5p net, which is the total for the year; compared with 2.0475p last time.

External sales and pre-tax figures for the 12 months for the spring and steel divisions were split respectively as to: £7.79m (£8.84m) and £301,000 loss (£283,000 profit); and £12.08m (£17.28m) and £153,000 profit (£1.06m profit).

There was a taxable credit of £233,000, against a much higher £639,000, and an extraordinary debit for the period of £198,000 (nil).

Deritend well down but maintains interim payout

TAXABLE PROFITS of the Deritend Stamping Company fell from £504,000 to £351,000 for the six months to August 31 1981 and second half results are expected to compare with those of the first—for 1980/81 the group plunged to second half pre-tax losses of £336,000.

Turnover of the group, whose interests include forgings, castings and electrical installations and repairs, declined over the six months from £16.62m to £15.34m.

The net interim dividend is being maintained at 2.2p, although earnings per share are shown to have fallen from 8.6p to 5.7p. Last year's final was 4.4p.

Interest for the half year took £172,000 (£190,000) and tax a same-again, £50,000. The net balance emerged at £301,000, against £454,00.

The chairman points out that the profit achieved in the first half was due mainly to the measures taken during the latter half of 1980/81 rather than to any significant increase in business activity. While a recovery situation has been achieved in most areas of the group's activities, demand remains relatively slack, with margins under constant pressure.

The group purchased D.W. Rewinds and Electrical Installations in August, adding considerably to the nationwide coverage of its electrical division. The group's other interests include forgings and castings.

ICI Australia decline slows in second half

DROUGHT and industrial disputes are blamed by the directors of ICI Australia for a 24.4 per cent slump in net profits from $A61.8m to $A46.8m for the year to September 30, 1981.

The flagging world chemical market also had a big impact on earnings although sales for the 12 months improved slightly from $1.2bn to $1.27bn—an increase of 5.5 per cent.

The result follows three successive bad interim periods, though earnings in the second half appear to have pulled out of the recent dive—profits for the period were down by only 14 per cent to $27.8m after a fall of 35.6 per cent to $18.99m in the first half to March and a 27.6 per cent drop to $32.2m in the second half of the previous year.

The outcome for the year, however, is way below the $66.3m for 1979 and, without allowing for inflation, the lowest since the $34.1m reported for 1977.

The directors say there was satisfactory growth in the sales of heavy chemicals, industrial explosives and pharmaceuticals but the reduced level of sales of other products in the first half continued into the second half.

Depreciation rose from $47m to $51.5m and interest and financing costs from $22.6m to $23.3m.

Final dividend is unchanged at 9 cents making 15 cents for the year.

Development costs hit Aeronautical & General

RESEARCH, associated with the introduction of several new products, and development costs at Aeronautical and General Instruments were heavy during the half year to September 30, 1981, say the directors. As a result, pre-tax profits were down from £354,062 to £147,502, and sales fell from £3.39m to £2.77m.

The directors say substantial contracts have been received for the new products. There were certain technical difficulties, however, which could not have been anticipated, and these delayed initial deliveries. These difficulties have now been overcome, they say.

The board expects second half sales to be substantially in excess of those for the first six months, but launching costs of the new products will mean that the pre-tax profits for the year will not match the £757,995 (£500,956) of last year.

Aeronautical is now moving into full production with an excellent order book, and the board expects to realise full potential in 1982/3.

The first-half pre-tax figure was struck after depreciation up from £109,664 to £141,450 and interest charges of £24,532 (£61,109). There was a tax charge of £73,751 against £177,041. Stated earnings per 25p share were down from 5.46p to 1.78p.

RESULTS AND ACCOUNTS IN BRIEF

BARTON TRANSPORT—Results for the year to September 26, 1981, reported November 19. Fixed assets £3.81m (£3.37m); shareholders' funds £1.67m (£1.88m); net current liabilities £2.35m (£1.68m); decrease in working capital £671,429 (£573,601). Meeting: Nottingham, December 18, 11 am.

MOBEN GROUP (manufacture, sale and installation of kitchen and bedroom furniture)—Results for the year to August 31, 1981, reported November 4. Fixed assets £3.02m (£3.48m), net current liabilities £1.44m (£2.9m). Increase in net liquid funds £2.75m (£5.96m decrease). Capital commitments £0.9m (nil). Meeting: Manchester, January 8, 10.30 am.

SELECTED MARKET TRUST—Available profit for the period November 11 1980 to November 26 1981, £249,067 (£274,880). Interim dividend 36p gross (37p), no final recommended (same).

BELLWAY (housebuilder) — Results for year ended July 31, 1981, reported November 12. Current cost pre-tax profit £744,000, against historical £1.78m. Group fixed assets £3.72m (£3.14m). Net current assets £11.28m (£10.61m). Bank overdrafts and loans £10.07m (£7.86m). Shareholders' interest £14.87m (£14.45m). Meeting, Newcastle upon Tyne, January 15, noon.

LONG AND HAMBLY (manufacturer of rubber and plastic components)—Results for year to July 31, 1981 and prospects reported November 26. Group fixed assets £2.96m (£2.13m), net current liabilities £0.18m (£1.07m assets). Shareholders' funds £2.73m (£3.21m). Working capital decreased £1.22m (£0.33m). Current cost pre-tax loss £1.36m (Meeting, Winchester House, EC, December 23, 11.30 am.

WINTERBOTTOM ENERGY TRUST—NAV per ordinary share at December 4 79.1p, after deduction of prior charges at par and 81.9p, after deduction of prior charges at market value.

KEAN & SCOTT (furniture retailer and manufacturer)—Net loss for six months to September 30, 1981, £99,000 (£1,000) on sales £389,000 (£394,000). No tax (same). Extraordinary debits nil (£13,000). Loss per 25p share 23.5p (0.38p). Again no interim dividend. Since the restructuring of the board, action has been taken to arrest the losses and to improve trading performance.

MANCHESTER AND METROPOLITAN INVESTMENT TRUST—Pre-tax revenue for the half-year to June 30 1981 £11,892 (£9,546) after interest received nil (£2,854) and management expenses £2,735 (£4,478). There was again no tax charge. Attributable profit, £11,892 (£9,546). Second interim dividend 1p (same). Net asset value per 25p share, 88p.

ELECTRICAL AND INDUSTRIAL INVESTMENT COMPANY — Pre-tax profits for six months to September 30 1981 £515,030 (£418,569 six months to June 30 1980). Investment income £516,755 (£414,044). Interest receivable £25,975 (£33,305), tax £152,700 (£132,000), leaving £362,330 (£286,569). Interim dividend per £1 deferred ordinary stock 200p (same). The company is a member of the British Electric Traction Group.

WOLVERHAMPTON STEAM LAUNDRY—Turnover for six months ended September 30 1981 £463,444. Pre-tax profit £44,753. Depreciation £5,935. Tax nil. Profit attributable £38,818.

ALFRED WALKER AND SON (housebuilder and estate developer)—Results for year to April 30 1981 already known. Shareholders' funds £1.07m (£850,000): fixed assets £211,000 (£170,000): investments £44,000 (£38,000): net current assets £816,000 (£641,000). Group currently holds a land bank in excess of 300 plots, which directors consider to be sufficient for its present requirements. Meeting, Birmingham, December 31 at noon.

JESSUPS (HOLDINGS) (motor dealer and body builder)—Results for year to August 31 1981 reported on November 11. Shareholders' funds £3.26m (£3.31m); fixed assets £3.23m (£3.04m); current assets £3.91m (£4.5m) including debtors £1.3m (£1.41m); net current assets £440,396 (£457,165); increase in bank overdrafts £258,435 (£681,297 decrease). Meeting, 77 London Wall, EC, Jan 7, at noon.

STOTHERT AND PITT (engineer)—Results for year to June 30 1981 reported on November 14. Shareholders' funds £8.24m (£10.56m); fixed assets £7.51m (£7.65m); net current assets £1.23m (£3.89m). The auditors' report says the financial statements have been prepared on a going concern basis which, in their opinion, is appropriate, provided that the group's bankers continue their support during a period of reorganisation and realisation of surplus properties which is in active progress. Meeting, Bath, December 30, at noon.

SCOTTS' RESTAURANT — Turnover for half year ended June 30, 1981, £1.27m (£1.1m). Pre-tax profit £12,247 (£29,249), after investment income £39,460 (£31,608) and loss on sale of investment £29,075 (£18,938 loss). Tax nil (£18,000). Profit after tax £12,247 (£13,249). Earnings per share 4.90p (6.30p).

BEN BAILEY CONSTRUCTION—Results for year to June 30, 1981, already known. Shareholders' funds £2.09m (£2.07m); fixed assets £707,808 (£502,041); current assets £3.08m (£3.13m) including debtors £422,069 (£808,252); net current assets £1.78m (£1.88m). Meeting: Mexborough, December 29, at noon.

CONCENTRIC (maker of controls and assemblies for domestic, automotive and engineering industries)—Results for the year to September 30, 1981, reported November 24. Group shareholders' funds £12.42m (£11.78m). Net current assets £5.39m (£5.16m). Chairman Mr John Bettinson says at current levels of demand the board is confident that the group will remain profitable. Meeting, Sutton Coldfield, on January 12, at 3 pm.

Copies of this document, having attached thereto the documents specified in paragraph 12 of Appendix III, have been delivered to the Registrar of Companies for registration.
Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of the Company, now in issue and to be issued, to be admitted to the Official List.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Speyhawk public limited company ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Speyhawk
public limited company

Placing by Barclays Merchant Bank Limited

of 2,550,000 ordinary shares of 10p each at 115p per share

The ordinary shares of the Company which are the subject of this placing will rank in full for all dividends hereafter declared or paid on the ordinary share capital of the Company.
A proportion of the shares being placed are available in the market on the date of publication of this document.

SHARE CAPITAL

Authorised £		Issued and to be issued fully paid £
1,250,000	in 12,500,000 ordinary shares of 10p each	1,000,000

BORROWINGS

At the close of business on 2nd December, 1981 the Company and its subsidiaries ("the Group") had an outstanding unsecured bank overdraft of £1,581, secured bank overdrafts, of £92,526, a secured term loan of £300,000, mortgage loans of £239,513, outstanding hire purchase commitments of £2,700, a bank guarantee of £2,500 and an unsecured Director's loan account of £110,000. Save as disclosed above and disregarding indebtedness and guarantees within the Group, and contingent liabilities of the nature described in note (xvi) of the Accountants' Report, no member of the Group, as at that date, had any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages or charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

Directors Trevor Osborne, A.R.I.C.S.
Derek Parkes, B.Sc. (Econ.)
Brian Thomas Edward Shrubsall, M.C.I.O.B., F.F.B.
all of Saracen House, Saracen Place, Church Street, Twickenham TW1 3NJ.

Secretary and Registered Office
Richard John Burgess, F.C.A.
Saracen House, Saracen Place, Church Street, Twickenham TW1 3NJ.

Bankers Barclay Bank Limited,
15 Great Portland Street, London W1N 6BX.

Merchant Bankers Barclays Merchant Bank Limited,
15/16 Gracechurch Street, London EC3V 0BA.

Auditors and Joint Reporting Accountants
Oswald Ling & Son,
Provident House, 51 Wardwick, Derby DE1 1HN.

Joint Reporting Accountants Binder Hamlyn,
8 St. Bride Street, London EC4A 4DA.

Solicitors to the Company Williams & James,
3/4 South Square, Gray's Inn, London WC1R 5HZ.

Solicitors to the Placing Ashurst, Morris, Crisp & Co.,
Broadgate House, 7 Eldon Street, London EC2M 7HD.

Stockbrokers Sheppards and Chase,
Clements House, Gresham Street, London EC2V 7AU.

Registrars and Transfer Office Close Registrars Limited,
Arthur House, 803 High Road, Leyton, London E10 7AA.

INTRODUCTION

The Company was formed in September, 1981 to act as a holding company for the property development and construction activities which Trevor Osborne, Derek Parkes and Brian Shrubsall had previously carried on through Speyhawk Land and Estates Limited ("Speyhawk") and L. Tellings Limited ("Tellings").
Trevor Osborne's property development activities began in 1965 and since 1973 he has been developing properties under the "Speyhawk" name. In 1974 he acquired Tellings to assist with the construction work connected with his developments. In 1977 he formed Speyhawk with Derek Parkes to combine their property development experience and to take advantage of a changing trend in the financing of property development towards pre-funding by institutions. Since 1977 Trevor Osborne's property development activity has been concentrated in Speyhawk. In 1978 it was decided to concentrate Tellings' activities on developments undertaken by Speyhawk. Brian Shrubsall became a shareholder in Tellings when he joined as Managing Director in 1979.

BUSINESS

Speyhawk is engaged in the development of commercial and industrial property of a quality suitable for funding and purchase by pension funds, insurance companies and property unit trusts. Speyhawk's normal practice is to contract with institutions, prior to the commencement of building work, for the forward sale of its developments linked with the provision of development finance. These arrangements, which are described in more detail below, lessen the risks involved and reduce working capital requirements. Tellings is the main contractor for Speyhawk's developments and undertakes a substantial part of the building work, thereby ensuring greater control and flexibility over each development.

Developments
Speyhawk continued the policy previously pursued by Trevor Osborne of concentrating development activity in West London and the Thames Valley. Its operations have now been extended into other areas where high rental growth is expected, including offices in the City of London and offices and factories in Hemel Hempstead and Kings Langley, close to the proposed intersection between the M1 and M25 motorways.
Developments normally take at least two years to complete and details of five already completed and sold, which ranged in size from 8,000 sq.ft. to 28,000 sq.ft. are shown in Part A of Appendix I. The Group's current development programme, embracing over 20 properties, is set out in Part B of Appendix I and illustrates the increasing scale of its activities in terms of the area of operation and the size and type of developments being undertaken.
In 1980 the Group decided to expand its activities into North America and, after considering a number of opportunities with its professional advisers, an office building of 45,000 sq. ft. in New York was acquired early in 1981 to be refurbished, re-let and sold to an institution. At an early stage of this development, the site became a key part of a major site assembly by another developer to whom it was sold at a substantial profit in September, 1981.

Funding Arrangements
The funding arrangements with institutions are normally finalised prior to the commencement of building. Speyhawk, after securing the site, arranges for an institution to purchase it and to provide the funds necessary to carry out the development. Speyhawk's development profit is generally calculated at the outset according to a formula based on the capitalised value of an agreed minimum rent for the completed development less the site and development cost which includes a financing charge. This charge is at a fixed rate, which has always been less than the market rate of interest on borrowings, and on all current projects is 10 per cent. per annum. These arrangements protect Speyhawk from the present high cost of borrowing and from adverse fluctuations in interest rates.
Speyhawk retains the responsibility for letting each development and shares with the institution the benefit of any increase in capital value arising from any higher rent obtained above the agreed minimum. In most instances, if a development is not let by a predetermined date, the responsibility to assume the obligations of the lease falls on Speyhawk. This eventually has not occurred to date.
Certain smaller developments are undertaken utilising the Group's own resources.

Construction and Development Management
Tellings functions as main contractor for all Speyhawk's developments, carrying out a substantial part of the building work with its own labour force, supplemented by direct sub-contractors many of whom have worked with Tellings for a number of years. The remainder of the building and engineering work is performed by specialist sub-contractors. Tellings' management team, supported by experienced site agents, supervisors and foremen, provides detailed supervision at all stages of construction. Contracting work is also undertaken for other companies on a selective basis. The only current contract of this nature is with Trusthouse Forte Limited.
Speyhawk co-ordinates and controls all other aspects of its developments. Its chartered surveyors are involved in the identification and acquisition of sites and in the funding and letting of developments, whilst its project managers co-ordinate each development from the pre-contract stage to completion. A team of outside professional consultants appropriate for each development is chosen from a number of firms of architects, surveyors and engineers to obtain the best design and construction advice available. The Directors consider that by strict adherence to this policy the Group has gained a reputation for the quality and design of its buildings.

MANAGEMENT

Group Management
Trevor Osborne, who is 38 years old, is Chairman of the Company, Speyhawk and Tellings and Joint Managing Director of Speyhawk. In 1966, after training as a chartered surveyor with Middlesex County Council, he entered private practice with Aviation Property Consultants. Later in the same year he left to concentrate on property development on his own account, beginning with the refurbishment of residential and commercial property and leading to the development of a number of substantial properties in the Windsor and Richmond areas. After forming Speyhawk with Derek Parkes in 1977 his other development activities were run down and terminated in 1979. A summary of the results of these operations is shown in the Accountants' Report below.
Trevor Osborne is the Leader of Wokingham District Council and was a member of a working party, supported by the Government, which produced a report on the future use of Britain's historic buildings.

Derek Parkes, who is 37 years old, is Joint Managing Director of Speyhawk. He graduated from the University of Wales in 1965 and has been involved in property development since 1963, originally with First National Finance Corporation Limited, moving in 1972 to The Fortress Trust Limited. In 1976 he started his own development company which led to joint projects with Trevor Osborne and the formation of Speyhawk.

Brian Shrubsall, who is 41 years old, joined Tellings in 1979 as Managing Director and is now also the Director of Speyhawk responsible for construction. He became a Director of Wiltshiers Limited in 1977, after a traditional craft apprenticeship in the building industry followed by a progression through most levels of site supervision and management.
Details of the service agreements of Trevor Osborne, Derek Parkes and Brian Shrubsall are set out in paragraph 6 (f) of Appendix III.

Richard Burgess, who is 34 years old, is Group Accountant and Company Secretary and is responsible for the Group's financial affairs. After qualifying as a Chartered Accountant in 1971, he was employed by Stoy Hayward & Co. becoming a senior manager before leaving in 1978 to join the Grand Metropolitan group as Assistant to one of the divisional Finance Directors. He joined the Group in 1981.

Speyhawk Management
Andrew Whitehorn, B.Sc.Est.Man., A.R.I.C.S., who is 35 years old, joined Speyhawk in 1979 as a senior development surveyor. He was previously employed in a senior position in local government. In 1972 he became an Associate Member of the Royal Institution of Chartered Surveyors and has 13 years' experience in all aspects of valuation and development, with particular emphasis on the public sector.

Timothy Owen, B.Sc.Est.Man., A.R.I.C.S., who is 29 years old, joined Speyhawk in 1979 as a senior development surveyor with particular emphasis on commercial development. He graduated in 1974 and joined the British Rail Property Board. He gained subsequent experience in property management and investment with a property company.

Ian Harris, who is 26 years old, joined Speyhawk in 1980 as a development surveyor with particular responsibility for industrial developments. His experience includes periods with industrial estate agents and other development companies, including Percy Bilton Limited and the Hunting Gate group.

John Houghton, B.Sc., A.R.I.C.S., who is 33 years old, joined Speyhawk in 1981 as a senior project manager. He graduated in 1970 in Building Technology and Management. His 11 years' experience in the construction industry has included training with George Wimpey Limited, 5 years managing a design and build department with C. H. Pearce & Sons Limited, and latterly a period as a project manager responsible for commercial development with Rush & Tompkins Group Limited.

Graham Norcombe, who is 35 years old, joined Speyhawk in 1980 as a project manager after having gained 13 years' experience in contracting, including 10 years with Wiltshiers Limited, where he held a senior quantity surveying post.

Tellings Management
Keith Fraser, who is 39 years old, has been a director of Tellings since 1974. His extensive experience in the construction industry includes 2 years with Sir Lindsay Parkinson & Company Limited and 8 years with George Wimpey Limited. He is responsible for administration, purchasing, plant and transport.

Graham Gordon, who is 36 years old, joined Tellings in 1977 and became a Director in 1981. His considerable experience includes periods with chartered quantity surveyors and building contractors, including 6 years with J. Jarvis & Sons Limited. He is responsible for quantity surveying, estimating and costing.

Employees
The Group has 112 employees of whom 53 are skilled tradesmen employed by Tellings. The Group operates a contributory pension scheme which is available to all employees. The Group intends to introduce a share incentive scheme in 1982.

BRIEF INFORMATION

The following information is derived from the full text of this document and accordingly must be read in conjunction with that text.

Business The Group is engaged in the development and construction of commercial and industrial property of a quality suitable for funding and purchase by pension funds, insurance companies and property unit trusts.

Issued share capital after the placing £1,000,000 in 10,000,000 ordinary shares of 10p each.

Share statistics

Placing price	115p
Market capitalisation at the placing price (based on the shares in issue after the placing)	£11.5m
Forecast profit before taxation for the year ending 30th September, 1982	£2.7m
Price earnings multiple based on forecast profit before taxation for the year ending 30th September, 1982 and the shares in issue after the placing:	
on estimated effective tax charge of 16 per cent.	5.1
on notional tax charge of 52 per cent.	8.9
Net tangible assets per share at 30th September, 1981 adjusted to reflect the net proceeds of the placing	30.2p
Gross dividend yield at the placing price on the basis of forecast dividends of 7p net per share (10p gross) for the year ending 30th September, 1982	8.7%

PREMISES

The Group operates from two offices in Church Street, Twickenham.
The main office is Saracen House, which consists of 5,800 sq. ft. held on a 25 year lease at a current annual rent of £27,550 with five-yearly reviews, the first of which is due in 1983.
The Group also occupies offices of 2,000 sq. ft. at 46/47 Church Street which form part of one of the Group's developments. Speyhawk currently owns a 98-year head lease of the whole property, which it expects to sell whilst remaining as tenant of the offices.

PROFIT RECORD

The financial statements of the Group for the five years ended 30th September, 1981 are set out in the Accountants' Report below.
Developments normally take at least two years to complete and, except for any profits arising on the sale of sites prior to development, the Group's accounting policies allow sales to be recognised and profits to be taken only when a development is completed and let. Consequently Speyhawk's first two full years of operations did not begin to be reflected in the Group's results until the year ended 30th September, 1980 when Group turnover and profit before taxation reached £4,752,000 and £549,000 respectively. The increasing size and number of developments being undertaken by the Group were responsible for the further significant increase in turnover and profit before taxation to £11,309,000 and £1,519,000 respectively during the year ended 30th September, 1981, when the results also benefited from the sale of the property in New York, which contributed approximately 37 per cent. of operating profit excluding exchange gains.
Tellings, as a result of having accepted a number of low margin contracts in order to maintain its operating capabilities, incurred losses during the years ended 30th September, 1978 and 1979. Subsequently it concentrated on construction work for Speyhawk on an arm's length basis and now makes a material contribution to Group profits.

PROFIT FORECAST AND DIVIDENDS

On the basis of the assumptions set out in Appendix II and in the absence of unforeseen circumstances, the Directors forecast that profit before taxation for the year ending 30th September, 1982 will be not less than £2,700,000.
The profit from the large development in the City of London, Sir John Cass House, is expected to arise in the second half of the year. Consequently, the profit before taxation for the first six months is expected to form only a small part of the forecast profit for the full year.
On the basis of the above forecast, the Directors intend to recommend dividends in respect of the year ending 30th September, 1982 of 7p per share, net of the related tax credit assumed at 3/7ths, which is equivalent to a gross payment of 10p. The dividend would be payable as to 2p per share in July, 1982 and 5p per share in January, 1983.
Assuming an estimated effective tax rate of 16 per cent. and a notional corporation tax rate of 52 per cent. this profit forecast would be allocated as follows:—

	estimated tax £'000	notional tax £'000
Profit before taxation	2,700	2,700
Taxation	430	1,404
Profit after taxation	2,270	1,296
Dividends (for waivers see below)	700	700
Profit retained (before dividend waivers)	1,570	596
Earnings per share	22.7p	13.0p
Price earnings multiple at the placing price	5.1	8.9
Gross dividend yield at the placing price	8.7%	8.7%

The Directors intend to waive their entitlement to dividends for this period, except for a nominal 0.1p per share in respect of their beneficial interests of 6,804,623 shares. This would have the effect of reducing the dividend paid from £700,000 to approximately £230,500.

REASONS FOR THE PLACING

The Directors believe that the Company will benefit from its status as a listed company particularly when negotiating with funding institutions, public bodies and local authorities.
The placing will raise approximately £2,614,000, net of expenses, of which £1,758,000 will be received by the Company, increasing the net tangible assets to approximately £3,024,000. Existing shareholders will be selling shares as listed in paragraph 4 of Appendix III.
The additional resources available to the Company as a result of the issue will enable it to purchase sites for development without the need for prior negotiation of outside finance. The expansion of the Group's asset base will also assist in establishing a property investment portfolio.

PROSPECTS

The Group's current development programme, which extends into 1984, is expected to have a total value on completion in excess of £50 million which compares with a total value of developments completed and sites sold from the formation of Speyhawk to 30th September, 1981 of approximately £15 million. In addition there are a number of other developments at an early stage of the planning process or under preliminary consideration which should contribute to profits in 1984 and beyond. The Group intends to undertake further projects in North America as opportunities arise which accord with the Group's overall development philosophy.
The Directors believe that institutional funds will increasingly be directed towards the pre-funding and purchase of property developments undertaken by companies with proven records of performance. The Group has formed strong links with a number of institutions and is confident of continued support for its expanding development programme.
The Directors believe that the Group is soundly based and with the benefit of the funds raised is well placed to continue its growth.

ACCOUNTANTS' REPORT

The following is a copy of a report to the Directors of the Company and to Barclays Merchant Bank Limited made by Binder Hamlyn, Chartered Accountants, and the auditors, Oswald Ling & Son, Chartered Accountants.

The Directors
Speyhawk public limited company
and
The Directors
Barclays Merchant Bank Limited

14th December, 1981

Gentlemen,

Report on the audited accounts 1977 to 1981
Speyhawk public limited company ("the Company") was incorporated on 18th September, 1981 to acquire the whole of the issued share capitals of Speyhawk Land and Estates Limited ("Speyhawk"), L. Tellings Limited ("Tellings") and Speyhawk Investments Limited ("Investments"). The financial information set out below is presented as if the Company and its subsidiaries ("the Group") as presently constituted had been in existence throughout the period covered by this report and as if the subsequent movements in share capital and share premium relating to the Company's acquisition of Speyhawk, Tellings and Investments had taken place on 30th September, 1981.
We have verified the turnover and results of other development activities undertaken by Trevor Osborne or companies within his control for the period 1st October, 1976 to 30th September, 1979 as set out below the Group Profit and Loss Accounts.
We have examined the audited accounts of Speyhawk for the period from 1st July, 1977 (the date of incorporation) to 30th September, 1981 and those of Tellings for the five years ended 30th September, 1981. The accounts of Speyhawk for the year ended 30th September, 1981 incorporate the results of its wholly-owned subsidiary, Speyhawk New York Corporation ("S.N.Y.C.") for the period 21st January, 1981 (the date of inception) to 30th September, 1981. Investments, which was incorporated on 21st September, 1981, has not commenced business.
The accounts of Speyhawk and Tellings throughout the relevant period have been audited by Oswald Ling & Son. The accounts of S.N.Y.C. for the period ended 30th September, 1981 have been audited by Binder Dijker Otte & Co. of 15 Columbus Circle, New York, N.Y. 10023.
The financial information presented below is based on the audited financial statements after making such adjustments as we consider appropriate. In our opinion the financial information, which has been prepared under the historical cost convention, gives a true and fair view of the state of affairs of the Company and of the Group at 30th September, 1981 and of the related results and source and application of funds of the Group for the period 1st October, 1976 to 30th September, 1981 on a consistent basis.
The Directors have decided that it is not appropriate for the Group to comply with the requirement to publish current cost accounts contained in Statement of Standard Accounting Practice No. 16 (SSAP 16) as they consider that the adjustments envisaged by SSAP 16, particularly in relation to development expenditure and monetary working capital, would not produce meaningful or helpful information. In arriving at this decision the Directors have considered the difficulty of ascertaining, with any degree of accuracy, the current cost of the land element of developments in progress and the immateriality of the effect of current cost adjustments relating to fixed assets and working capital. We concur with the Directors' decision.
There have been no audited accounts of any companies in the Group since 30th September, 1981, save for the Company balance sheet prepared pursuant to Section 5 of the Companies Act 1980 for the re-registration of the Company as a public limited company.

Basis of consolidation
The accounts of Speyhawk and Tellings have been made up to 30th September in each year. The first accounts of Speyhawk were made up to 30th September, 1978 and therefore Group figures for 1977 reflect Tellings' accounts only.
The accounts of Speyhawk's former wholly-owned subsidiary, Hill Street Properties Limited, and of Tellings' former wholly-owned subsidiary, Hind Construction Limited, have not been consolidated as both companies were sold on 30th September, 1981.

Accounting Policies
The principal accounting policies, which have been consistently applied in preparing the financial information in this report, are as follows:—

(a) Basis of accounting
The accounts have been prepared under the historical cost convention modified only by the revaluation of a freehold property in 1979.

(b) Turnover
Turnover, which excludes value added tax, represents:
(i) Sales values of property developments completed and let during the year.
(ii) Sales of sites during the year.
(iii) Certified contract work for third parties.

(c) Recognition of profits
Profit for the year represents profits less losses on developments completed and let by 30th September in each year and profits less losses on the sale during the year of sites.
Profits arising from third party building contracts are recognised, where appropriate, during the course of the contracts.

(d) Developments in progress
The basis of valuation of development expenditure is the lower of cost and net realisable value. Progress payments received prior to completion of the development are deducted from development expenditure. Full provision is made for anticipated losses. Cost includes costs of acquisition and development to date including directly attributable fees, expenses and finance charges less related rental income: properties and sites are treated as acquired on the date of completion of the contract to purchase.

(e) Stock and work in progress
Stock is valued at the lower of cost and net realisable value.
Work in progress is represented by the gross contract value to the stage completed, less amounts receivable in respect of architects' certificates and includes, where appropriate, profit earned to date. Full provision is made for anticipated losses.

(f) Fixed assets and depreciation
Fixed assets are stated at original cost to the Group less accumulated depreciation, with the exception of a freehold property professionally valued by independent chartered surveyors in 1979 and sold in 1980.
Depreciation is calculated to write off the cost of fixed assets by equal annual instalments over their expected useful lives at the following rates:

Plant and machinery	25%
Motor vehicles	20%
Office furniture and equipment	15%

(g) Deferred taxation
Deferred taxation is provided on the liability basis except where the Directors are satisfied that no amount will become payable in the foreseeable future. At 30th September, 1981 no such provision was considered necessary.

(h) Foreign exchange
Assets and liabilities have been translated into sterling at the rate of exchange ruling at the date of the balance sheet. The trading results of S.N.Y.C. have been translated into sterling at the average rate for the period. Differences arising on consolidation of reserves, investments, related loans and current accounts are taken to reserve. All other differences are taken to the profit and loss account.

GROUP PROFIT AND LOSS ACCOUNTS
The Group profits and losses for the period under review are as follows:—

	Notes	1977 £'000	1978 £'000	1979 £'000	1980 £'000	1981 £'000
		Years ended 30th September,				
Turnover:						
Developments and sites — —		—	310	529	3,866	10,380
Third party building work — —		2,217	1,850	846	886	929
		2,217	2,159	1,375	4,752	11,309
Cost of sales — — — — —	(i)	2,148	2,383	1,462	4,036	9,005
Operating profit (loss) — — — —		69	(224)	(87)	716	2,304
Other income — — — —		—	1	10	23	14
Interest payable — — — — —	(ii)	(11)	(43)	(27)	(190)	(799)
Profit (loss) before taxation — — —		58	(266)	(104)	549	1,519
Taxation — — — — —	(iii)	10	(39)	—	7	611
Profit (loss) after taxation — — —		48	(227)	(104)	542	908
Extraordinary items — — — —	(iv)	28	2	(15)	199	4
Profit (loss) for the year — — —		20	(229)	(89)	343	904
Earnings per share — — — —	(v)	0.43p	(2.27p)	(1.04p)	5.42p	8.08p

Note: The 1977 figures above relate only to Tellings.

The Group profit and loss accounts above do not include the turnover and profits of other development activities undertaken by Trevor Osborne or companies within his control for the period 1st October, 1976 to 30th September, 1979 set out below:

	1977 £'000	1978 £'000	1979 £'000
Turnover — — — — —	1,201	1,148	551
Profit before taxation — — — —	340	293	107

GROUP BALANCE SHEETS

The balance sheets of the Company as at 30th September, 1981 and of the Group at 30th September, 1977 to 1981, amended by the subsequent movements in share capital and share premium shown in note (xiv), are as follows:—

	Notes	1977	1978	1979	1980	1981	The Company 1981
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	(vi)	154	183	189	185	222	—
Subsidiary companies	(vii)	—	—	—	—	—	1,266
Subsidiary companies not consolidated	(viii)	35	120	383	125	—	—
Current assets:							
Developments in progress	(ix)	194	509	883	2,886	2,555	—
Stock and work in progress		344	26	346	220	134	—
Debtors		292	213	412	495	624	—
Bank balances		1	2	142	10	1,812	—
		831	750	1,783	3,611	5,125	—
Current liabilities:							
Creditors		338	257	1,067	1,738	2,425	—
Bank and other loans	(x)	338	613	578	1,147	540	—
Bank overdrafts	(xi)	152	119	321	328	172	—
Taxation	(xii)	6	(7)	(5)	8	619	—
Hire purchase commitments		18	12	22	12	—	—
Directors' current accounts		15	7	7	—	—	—
		867	1,011	1,990	3,233	3,756	—
Net current assets (liabilities)		(36)	(261)	(207)	378	1,369	—
Deferred taxation		(32)	—	(18)	—	—	—
Loan account	(xiii)	—	(100)	(415)	(415)	(325)	—
Share capital and reserves	(xiv)	121	(88)	(88)	273	1,266	1,266

Note: The 1977 figures relate only to Tellings.

GROUP SOURCE AND APPLICATION OF FUNDS

	1977	1978	1979	1980	1981
	Years ended 30th September,				
	£'000	£'000	£'000	£'000	£'000
Source of funds					
Profit (loss) before taxation	58	(265)	(104)	549	1,519
(Profit) loss on sale of fixed assets	(1)	—	(2)	(12)	3
Depreciation	14	18	33	50	69
Exchange gain	—	—	—	—	89
Generated from operations	71	(248)	(73)	587	1,680
Sale of fixed assets	4	22	73	75	12
Loans	246	218	116	433	429
Loan from Mr. and Mrs. T. Osborne	—	100	315	—	(90)
Issue of shares:— Speyhawk and Tellings	63	20	80	—	—
	384	112	511	1,095	2,031
Application of funds					
Purchase of fixed assets	77	39	109	109	121
Purchase of shares in subsidiaries not consolidated	42	75	—	—	—
Loans to subsidiary not consolidated	23	12	231	(39)	(121)
Repayment of loans	—	230	218	30	—
Taxation paid (recovered)	13	6	(2)	(6)	—
	155	362	556	94	—
Increase (decrease) in working capital					
Developments in progress	194	315	374	2,003	(331)
Stock and work in progress	291	(318)	320	(126)	(86)
Debtors	104	(79)	199	83	128
Creditors	(162)	85	(810)	(554)	(675)
	582	365	639	1,400	(963)
Increase (decrease) in net liquid funds					
Bank overdraft	(114)	33	(202)	(7)	156
Short term bank loans	(84)	(287)	(66)	(166)	1,036
Cash and bank balances	—	1	140	(132)	1,802
	(198)	(253)	(128)	(305)	2,994

Note: The 1977 figures relate only to Tellings.

Notes to the Group accounts:

	1977	1978	1979	1980	1981
	Years ended 30th September,				
	£'000	£'000	£'000	£'000	£'000
(i) Cost of sales includes:					
Depreciation	14	18	33	50	69
Hire of plant	22	47	88	210	203
Directors' emoluments	—	4	31	61	72
Auditors' remuneration	3	8	9	14	25
Exchange gain	—	—	—	—	(142)
(ii) Interest payable comprises:					
Interest payable	(11)	(43)	(38)	(210)	(815)
Less: Interest receivable	—	—	11	20	16
	(11)	(43)	(27)	(190)	(799)
(iii) Taxation — The taxation charge (credit) comprises:					
Corporation tax at 52%	2	(7)	—	7	222
Deferred taxation	8	(32)	—	—	—
Overseas taxation	—	—	—	—	389
	10	(39)	—	7	611

At 30th September, 1981 Speyhawk has tax losses carried forward of approximately £1,800,000 due mainly to the incidence of stock relief.

(iv) Extraordinary items	1977	1978	1979	1980	1981
Provisions in respect of interests in subsidiaries not consolidated	28	2	—	199	4
Profit on sale of freehold property	—	—	(18)	—	—
	28	2	(18)	199	4

(v) Earnings per share
Earnings per share have been calculated by dividing the profit (loss) after taxation but before extraordinary items for each year by 10,000,000 being the number of ordinary shares of 10p each in issue following completion of the placing.

(vi) Fixed assets
The fixed assets of the Group at 30th September, 1981 comprise:—

	Cost £'000	Depreciation £'000	Net book amount £'000
Plant and machinery	72	40	32
Office furniture and equipment	82	28	54
Motor vehicles	217	81	136
	371	149	222

(vii) Subsidiary companies
The interest in subsidiary companies at 30th September, 1981 comprises shares at cost.
Details of these subsidiary companies are:

[illegible]

The movements in issued share capital and in share premium account on 2nd December, 1981 which have all been treated for the purpose of this report as having occurred on 30th September, 1981 have been as follows:—

	Issued share capital	Share premium account
	£'000	£'000
Shares issued at a premium as consideration for the acquisition of the whole of the issued share capital of:—		
Speyhawk	78	914
Tellings	22	252
	100	1,166

No dividends have been paid by any companies in the Group.

(xv) Capital commitments
Neither the Company nor the Group had any material capital commitments at 30th September, 1981.

(xvi) Contingent liabilities
(a) There are contingent liabilities in the normal course of business including the liability of Speyhawk to take leases under development agreements in the event of the property concerned not being let to a third party on completion. At 30th September, 1981 Speyhawk held no such leases.
(b) Since 30th September, 1981 Speyhawk has been released from a guarantee in respect of the bank borrowings of its former subsidiary.

Yours faithfully,

BINDER HAMLYN
Chartered Accountants

OSWALD LING & SON
Chartered Accountants

APPENDIX I

	Property	Description	Lettable floor area (net) available for institutional purchase	Funded by
A. Developments completed and sold by 30th September, 1981				
1.	Crown House, Windsor	Site acquired from United Reformed Church to provide (i) a new church and office suite for its own use (ii) a commercial development of 3-storey office building which was completed and let to the Property Services Agency in 1980	11,000 sq. ft.	Nestlés Pension Trust Limited
2.	Teddington House, Teddington	Site acquired from The London Diocesan Fund of the Church of England to provide (i) a new church and vicarage (ii) retail area with offices above for which leases were arranged as follows (a) for the office space with Expanded Metal Company Limited (b) for the retail space with Boots the Chemist Limited, Lavells Limited, Interforms (U.K.) Limited and Ripolin Limited. This part of the development was completed and let in 1980 (iii) 8 flats above the retail and office area; built and let on short-term leases to commercial occupants. This part of the development has been contracted to be sold to Trevor Osborne; see material contract (b) in Appendix III (iv) 16 flats on another part of the site which were sold during 1980 and 1981	8,000 sq. ft. of offices and 14,000 sq. ft. of retail	NFC Trustees Limited
3.	Constable House, Windsor	Redevelopment of former Police Station, Magistrates' Court and Fire Station to provide (i) a 3-storey office building completed and let to A.E.S. Wordplex Limited in 1980 which had been pre-sold to the Australian Mutual Provident Society (ii) an art centre with a 200-seat auditorium as a civic amenity	8,400 sq. ft.	Own resources
4.	Fraser House, Twickenham	Retail and office development on four floors which was completed and let to The Automobile Association Limited in 1981	8,000 sq. ft.	Nestlés Pension Trust Limited
5.	Templar House, Harrow	Development of 6-storey office building which was completed and let to Dae Woo Industrial Company (U.K.) Limited in 1981	28,000 sq. ft.	Boots Pensions Limited
B. Current Developments				
1.	Thames House, Isleworth	Development of 2-storey office building completed and let to Abbey Life Assurance Company Limited in October, 1981	4,400 sq. ft.	Radus Pension Trust Limited
2.	46/47 Church Street, Twickenham	Long leasehold building providing office space, currently occupied by the Group, and 2 shops. Sale of the development is expected in 1982	2,000 sq. ft. of offices, plus 600 sq. ft. of retail	Own resources
3.	Hampton Road, Twickenham	Renovation and refurbishment of office building let to Twickenham Travel Limited. Sale of the development is expected in 1982	3,000 sq. ft.	Own resources
4.	Sir John Cass House, Jewry Street, London EC3	Development of 10-storey building subject to an agreement for lease to Thos. R. Miller & Son (Insurance) Limited. Construction is expected to be finished by Spring, 1982	38,400 sq. ft. of offices, 20 basement car parking spaces and 3 floors of residential accommodation	Kleinwort Benson Limited (as trustee of The Vauxhall and Associated Companies Pension Fund)
5.	Willoughby House, Richmond Bridge	Development of 3-storey office building part of which will be in a restored listed grade II 18th century villa. Construction is expected to be finished by Summer, 1982	9,600 sq. ft.	Pilkington Brothers Superannuation Trustee Limited and Pilkington Superannuation Investments Limited
6.	Spencer House, Richmond	Development of 4-storey office building. Construction is expected to be finished by Summer, 1982	27,000 sq. ft.	Merchant Navy Officers Pension Fund
7.	Albion Hill, Hemel Hempstead	Development of 4-storey office building. Under negotiation for a lease to Model & Allied Publications Limited. Construction is expected to be finished by early Autumn, 1982	18,750 sq. ft.	Under negotiation with ICL Pension Fund
8.	St. Catherine's House, Feltham	Site acquired from the London Diocesan Fund of the Church of England. Development of 4-storey office building incorporating a grade II listed church spire. Construction is expected to be finished by Autumn, 1982	13,700 sq. ft.	Lloyds Bank Limited (as Trustee of the Schroder Property Fund for Pension Funds and Charities)
9.	Whittington Avenue, London EC3	Leasehold interest acquired of office space at nominal ground rent. The entire building is being refurbished and is in the process of being let to an insurance company	4,000 sq. ft.	Own resources
10.	70 George Street and 20/22 The Green, Richmond	Redevelopment of a site in central Richmond to provide retail space fronting George Street, offices in a renovated Georgian building fronting Richmond Green and new 3-storey building over a basement car park. Subject to revision of planning consent. Construction is expected to be finished by Winter, 1982	12,350 sq. ft. of offices, plus 8,100 sq. ft. of retail	Robert Fleming Trustee Co. Limited
11.	Lower Square, Old Isleworth	Redevelopment of 3-storey office building on a Thames-side site to include the renovation of a grade II listed building. Construction is expected to be finished by Spring, 1983	16,250 sq. ft.	Under negotiation with Kleinwort, Benson (Trustees) Limited (as trustees of the Kleinwort Benson Property Fund)
12.	Home Park Mill, Kings Langley	Development of a 9.5 acre site to provide industrial space of which 105,000 sq. ft. has been pre-let to Automatic Revenue Controls Limited, Astra Pharmaceuticals Limited and Maine Engineering Limited. The development is expected to be finished by Winter, 1983	150,000 sq. ft.	Hambro Life Assurance P.L.C.
13.	456/458 Richmond Road, Richmond Bridge	Development of retail, office and residential space on a long leasehold site next to Willoughby House. Construction is yet to begin	4,500 sq. ft.	Own resources
14.	Mark Road, Hemel Hempstead	Contracts exchanged on a 2 acre industrial site for factory development. Construction is yet to begin	45,500 sq. ft.	Under negotiation with The Equitable Life Assurance Society Limited
15.	Fielden House, [illegible]	Selected by the Bracknell Development Corporation [illegible]	11,300 sq. ft. of [illegible]	Under negotiation [illegible]

[illegible]

2. The following are copies of letters to the Directors of the Company relating to the profit forecast for the year ending 30th September, 1982:—

(a) Letter from the Joint Reporting Accountants, Binder Hamlyn and Oswald Ling & Son:

Binder Hamlyn
8 St. Bride Street
London EC4A 4DA

Oswald Ling & Son
Provident House
51 Wardwick
Derby DE1 1HN
14th December, 1981

The Directors
Speyhawk public limited company

Dear Sirs,

We have reviewed the accounting bases and calculations for the profit forecast of Speyhawk public limited company ("the Company") and its subsidiaries ("the Group") for the year ending 30th September, 1982, as set out in the document to be dated 14th December, 1981 and issued in connection with the placing of 2,550,000 ordinary shares in the Company, for which profit forecast the Directors are solely responsible.

In our opinion, so far as the accounting bases and calculations are concerned, the profit forecast has been properly compiled on the footing of the assumptions made by the Directors set out in the document and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

BINDER HAMLYN
Chartered Accountants

OSWALD LING & SON
Chartered Accountants

(b) Letter from Barclays Merchant Bank Limited:

15/16 Gracechurch Street
London EC3V 0BA
14th December, 1981

The Directors
Speyhawk public limited company

Dear Sirs,

We have discussed with you, Binder Hamlyn and Oswald Ling & Son the profit forecast of Speyhawk public limited company and its subsidiaries for the year ending 30th September, 1982 referred to in the document to be dated 14th December, 1981.

In our opinion the profit forecast (for which the Directors are solely responsible) has been made by you after due and careful enquiry.

Yours faithfully,
for BARCLAYS MERCHANT BANK LIMITED
L. S. ALLAN
Director

APPENDIX III
Statutory and General Information

1 The Company and its Share Capital

The Company was registered in England and Wales as a private company (No. 1586567) on 18th September, 1981 under the Companies Acts 1948 to 1980 with an authorised share capital of £250,000 divided into 250,000 ordinary shares of £1 each.

On 18th September, 1981 2 ordinary shares were issued to the subscribers and on 1st December, 1981 one share was transferred to Trevor Osborne and one to Derek Parkes.

On 2nd December, 1981 a further 99,998 ordinary shares were issued credited as fully paid (and the two subscribers' shares were credited as fully paid) as consideration for the acquisition of the whole of the share capitals of Speyhawk and Tellings, and the Company passed a Resolution to adopt new Articles of Association with a view to becoming a public limited company.

By or pursuant to Resolutions passed at an Extraordinary General Meeting held on 12th December, 1981:—
(a) the authorised share capital of the Company was increased from £250,000 to £1,250,000 by the creation of 1,000,000 new ordinary shares of £1 each;
(b) each ordinary share of £1 (both issued and unissued) was subdivided into 10 ordinary shares of 10p each; and
(c) 7,200,000 new ordinary shares of 10p each were allotted credited as fully paid to the existing holders of ordinary shares of 10p each by way of capitalisation of £720,000 of the share premium account, on the basis of 36 new shares for every 5 existing shares.

Following completion of this placing 10,000,000 ordinary shares of 10p each will be in issue. Except as mentioned herein, since incorporation of the Company there have been no alterations in the share capital of the Company and no share or loan capital of the Company has been issued or agreed to be issued for cash or other consideration.

Save as disclosed in paragraph 4, no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any shares or loan capital of any of them.

Following completion of this placing no material issue of shares (other than to shareholders pro-rata to existing shareholdings or in relation to any share incentive scheme) will be made within one year of the date hereof and no issue of shares will be made which would effectively alter the control of the Company without in either case prior approval of the Company in general meeting.

No share or loan capital of the Company or any of its subsidiaries is proposed to be or is under option or is agreed conditionally or unconditionally to be put under option.

2 Subsidiaries

The principal subsidiaries of the Company, all of which are wholly-owned, are as follows:—
(a) Speyhawk, which was registered in England on 1st July, 1977 as a private company (No. 1319804) and has an authorised share capital of £120,000 made up of 100,000 deferred shares of £1 each, and 20,000 ordinary shares of £1 each all of which have been issued and are fully paid;
(b) Tellings, which was registered in England on 24th March, 1972 as a private company (No. 1047417) and has an authorised share capital of £250,000 made up of 250,000 shares of £1 each, of which 120,295 deferred shares and 24,059 ordinary shares of £1 each have been issued and are fully paid;
(c) Speyhawk Investments Limited ("Investments"), an investment company which was registered in England and Wales on 21st September, 1981 as a private company (No. 1588828) and has an authorised share capital of £100,000 made up of 100,000 ordinary shares of £1 each, of which 2 ordinary shares have been issued and are fully paid and were purchased for £2 by the Company on 3rd December, 1981; and
(d) Speyhawk New York Corporation, a property development company and a subsidiary of Speyhawk, which was registered in the State of Delaware, U.S.A. with date of inception 21st January, 1981 and with an authorised share capital of $1,000 made up of 1,000 shares of $1 each all of which have been issued and are fully paid.

3 Working Capital

The Directors of the Company consider that, after taking into account existing facilities and the net proceeds of the issue, the Group has sufficient working capital for its present requirements.

4 Placing Agreement

By an agreement dated 14th December, 1981 and made between (1) Trevor Osborne, Derek Parkes, Brian Shrubsall, Saracen House Limited (a company controlled by Trevor Osborne), and T. Osborne, G. D. C. Evans and J. E. Davis (being trustees of a settlement made by Trevor Osborne for the benefit of his children) ("the vendors"); (2) Trevor Osborne and Derek Parkes; (3) Trevor Osborne and Brian Shrubsall; (4) the Directors of the Company; (5) the Company; (6) Speyhawk, Tellings, Investments and Speyhawk New York Corporation and (7) Barclays Merchant Bank Limited ("BMB") ("the Placing Agreement"), being material contract (a) in paragraph 7 below, BMB has agreed conditionally on the Council of The Stock Exchange admitting the whole of the issued ordinary share capital of the Company to the Official List on or before 23rd December, 1981 to subscribe or procure subscribers for 1,800,000 new ordinary shares of 10p each in the Company at the price of 115p per share ("the Placing Price") and to purchase or procure purchasers for 293,450, 130,450, 56,550, 173,900 and 95,650 ordinary shares of 10p each from Trevor Osborne, Derek Parkes, Brian Shrubsall, Saracen House Limited and the trustees referred to above respectively at the Placing Price. The Directors of the Company have given general, trading and taxation warranties. The Directors and Saracen House Limited have undertaken not to dispose of any further shares in the Company for a period of eighteen months from the date of the document, save with the consent of BMB. The vendors will pay a commission of 0.7 per cent. on the Placing Price to the Brokers in respect of the shares they are selling. The Placing Agreement provides for the Company to pay the expenses of and incidental to this placing and to obtaining such admission, all accountancy and legal expenses, a fee to BMB and a commission of 0.7 per cent. on the Placing Price to the Brokers in respect of the 1,800,000 new ordinary shares. All the above expenses are exclusive of V.A.T.

5 Directors' and Other Interests

(a) The interests of the Directors and their families in the share capital of the Company before and after the placing will be as follows:—

		Before the placing: Number of ordinary shares	Before the placing: Percentage of share capital	Shares sold in the placing	After the placing: Number of ordinary shares	After the placing: Percentage of share capital
Trevor Osborne	(beneficial)	5,568,783	55.69	467,350	5,101,433	51.01
	(non-beneficial)	629,514	6.30	95,650	533,864	5.34
Derek Parkes	(beneficial)	1,348,900	13.49	130,450	1,218,450	12.18
	(non-beneficial)	43,500	0.43	—	43,500	0.43
Brian Shrubsall	(beneficial)	541,290	5.41	56,550	484,740	4.85
	(non-beneficial)	21,750	0.22	—	21,750	0.22

The above interests are, and will be, as shown in the register maintained pursuant to the Companies Act 1967.

(b) Except as stated above, the Directors are not aware of any person who immediately after completion of the placing will be beneficially interested in 5 per cent. or more of the issued share capital of the Company. Saracen House Limited, a company controlled by Trevor Osborne, will hold 1,006,818 shares. (This interest is included in the beneficial interests of Trevor Osborne shown above.)

(c) Save as disclosed in paragraphs 1, 5 and 7, no Director of the Company has had since the date of incorporation of the Company, or now has, any interest, direct or indirect, in any assets which have been, or which are now proposed to be, acquired, or disposed of by, or leased to any member of the Group.

(d) Save as disclosed in paragraphs 1, 5 and 7, no Director of the Company is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company and its subsidiaries taken as a whole.

(e) Save as disclosed in paragraphs 1, 5 and 7, no amount or benefit has been paid or given, during the two years preceding the date of this document, to any promoter of the Company and none is intended to be paid or given.

(f) Trevor Osborne, Derek Parkes and Brian Shrubsall have service agreements with the Company and certain subsidiaries dated 2nd December, 1981 for a minimum term of five years from 1st October, 1981 but determinable by six months' notice given on or after 31st March, 1986. Their annual salaries are currently £32,000, £30,000 and £28,000 respectively. Provision is made for minimum annual increases in accordance with the Index of Retail Prices. Under their respective service agreements, Trevor Osborne and Derek Parkes are each prohibited from being interested in private property activities other than the holding of property for investment purposes only. The aggregate emoluments, including pension contributions, of the Directors received from Speyhawk and Tellings in respect of the financial year ended 30th September, 1981 amounted to £71,510. The aggregate emoluments, including pension contributions, of the Directors in respect of the current financial year of the Company ending on 30th September, 1982 are expected to be approximately £90,000.

[illegible]

Companies and Markets

BIDS AND DEALS

Habitat's £117.6m agreed offer for Mothercare

Habitat, the home furnishings group capitalised at £47.6m when it went public early in October, announced a bid worth £117.6m last night for the shares of Mothercare, the specialised retailer which has agreed the offer.

For each Mothercare share, Habitat is offering one of its own shares plus 60p nominal of a 9¼ per cent convertible unsecured loan stock 1998-2001.

Morgan Grenfell, Habitat's advisers, have arranged an underwriting for half of the new 64.4m shares which Habitat is proposing to issue for the bid. Each accepting Mothercare shareholder will have the option to receive cash, at 125p per share, rather than Habita shares, for half his allotment.

The accepting shareholder will also be able to tender part or all of his remaining allotment for the cash alternative. Morgan Grenfell will accept tenders up to an aggregate maximum of 32.4m shares.

The bid will not affect the interim dividend of 1.62p net per share payable to existing Mothercare shareholders on January 4. Those accepting the bid will be entitled to Habitat's interim dividend payable in May, 1982. Habitat has confirmed that it will be at least 1.2p net, contributing to a dividend for the year of not less than 3.6p net.

Undertakings to accept the offer have been given by directors of Mothercare, including Mr Selim Zilkha, on behalf of 21.9 per cent of its equity. Mr Ezra Zilkha has agreed to sell 2m shares to Habitat at 200p per share, at Habitat's option, in the event of the bid not proceeding.

Morgan Grenfell said yesterday that they had had a meeting with the Office of Fair Trading prior to announcing the bid. They thought it "inconceivable" that it would now be referred to the Monopolies Commission.

Mr Terence Conran, who owns just over half the equity in Habitat at present, will own 16.3 per cent of the new holding company which is to be set up to own Habitat and Mothercare following completion.

Accept offer urges RTZ chief

In a letter to shareholders of Thos. W. Ward, Sir Anthony Tuke chairman of Rio Tinto-Zinc Corporation says that RTZ's offer for Ward takes full account of Ward's present position and future prospects.

Sir Anthony urges shareholders to accept the offer and says that they "should not assume that it will be increased." Acceptances should be received by December 18.

The letter says that RTZ's offer of 9¼ per cent convertible loan stock gives a capital increase of 50 per cent and "an assured substantial increase in income." There is a full cash alternative of 190p. On the Stock Exchange yesterday Ward's shares fell by 10p to 206p. RTZ were unchanged at 460p.

The chairman says that Ward's claims for the value of its construction interests are "greatly exaggerated." He claims RTZ's offer is generous, and represents a multiple of over 8 times Ward's 1980/81 earnings or 13 times assuming a full tax charge.

Sir Anthony says that this compares with the average price earnings multiples for other cement companies of around 6 times.

He points out that the trading profits of the companies under Ward's direct management have fallen by 30 per cent in the last two years; in the same period the profits of Ward's non-construction activities have fallen by more than 75 per cent.

"Ward has, therefore, had to rely heavily on its associate companies, Tunnel and Ribblesdale, for any growth in profits," says Sir Anthony.

He tells shareholders that RTZ can bring considerable benefits to both Ward and Tunnel. "At a recent meeting, Tunnel supported RTZ's reasoning for its offer for Ward and its intention to make an offer for Tunnel subsequently."

Sir Anthony points out that Ward's share price was 127p before the RTZ offer. "If it does not succeed, the value of Ward shares is likely to fall."

English China Clay buys holding in Dutch firm

English China Clays, the world's largest producer of china clay, is going to buy a one-third stake in Katalistiks International, which produces fluidised cracking catalysts for the petroleum industry, for US$10m.

Katalistiks recently announced plans to build a plant in the U.S.

ECC becomes an equal partner in the growing Katalistiks organisation, with an American company, Catalyst Recovery, and the Swedish chemical processing firm EKA, which previously jointly owned Katalistiks.

Charente raises stake in Burco Dean

Charente Steam Ship Co, a private shipping group which runs the Thomas Harrison Line from Liverpool, has raised its holding in Burco Dean, the Eastham kitchen and baby boiler group, from 20.5 per cent to 21.23 per cent and intends eventually to bring the holding to 29.55 per cent.

Charente — which has held a stake of about 20 per cent for a number of years — has purchased a further 100,000 shares to make a total of £1.8m. It intends to acquire from time to time, and subject to market price, up to a further 704,000 Burco shares to bring the holding to 2.5m (29.55 per cent)—just below the level at which a bid would be mandatory

Charente has informed the directors of Burco that they have no intention of acquiring shares beyond that number.

Unilever set to increase Ivory Coast investment

Unilever is close to agreement with Blohorn, one of the largest manufacturing groups in the Ivory Coast. Negotiations are expected to end soon with Unilever taking 70 per cent of the company, which up to now has been largely in the hands of its founder, M Andre Blohorn.

The Ivory Coast concern, with its considerable interests in refining vegetable oils and making oil-based products, fits in well with Unilever's other interests in that area, it is stated.

For 1980 Blohorn achieved a trading profit of CFAFr 1.8bn, on a turnover of CFAFr 23bn.

OFT still waiting for Lonrho undertakings

THE Office of Fair Trading was still waiting for completion yesterday of Lonrho's undertakings. These are required for the blocking of Lonrho's takeover of the House of Fraser, the Harrods stores group.

The undertakings ask Lonrho not to acquire any more shares in House of Fraser, or to do anything which would give Lonrho more influence over the group.

If Lonrho declines to stop acquiring further shares in Fraser, the Government has the power to make an order for approval by Parliament. There has been speculation that Lonrho might challenge the ruling in the Courts.

The Office of Fair Trading said that letters between Lonrho and its office "are going back and forth," largely on points in the undertakings which require clarification. Other wordings are also being examined closely.

On the London stock market yesterday shares of House of Fraser were unchanged at 170p, while Lonrho's shares fell 1p to 70p.

Ladbroke U.S. property development

London and Leeds Investments, the property development arm of the Ladbroke Group, is to develop a 200,000 sq ft office scheme on the corner of Lexington Avenue and 52nd Street in New York.

London and Leeds (USA) announced last night that it is paying $18.1m cash for the freehold of the YWCA site in midtown Manhattan.

Mr Kurt Kilstock, chief executive of London and Leeds, said development work would begin next autumn and the office scheme would be complete in late 1983. Total costs, inclusive of site purchase, will be $55m. The completed development will have an investment value of over $75m.

The purchase price will be payable on vacant possession of the YWCA building, which will be before July 3 1982.

ASSOCIATE DEAL

Hoare Govett sold 32,759 Hanson Trust ordinary on December 11 at 291p on behalf of an associate of Hanson Trust.

THEATRES

STRAND. CC 01-836 2660-4143. 8.00. Mats Thurs 3.00. Sats 5 and 8. 11th HYSTERICAL YEAR OF THE LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE — WE'RE BRITISH. 2 hours of non-stop laughter. Directed by Allen Davis. Group sales Box Office 01-379 6061.

TALK OF THE TOWN. CC 01-734 5051. For reservations—or on entry—London's greatest night out. From 8 pm. 5 HOURS OF TOP ENTERTAINMENT. THE TALK OF THE TOWN GALA GALAXY REVUE. (9.30 pm). ANITA HARRIS (11 pm). Dinner. Dancing. 3 bands.

UPSTREAM. 928 5394. From 29th Dec. Family Music! YOU'RE A GOOD MAN CHARLIE BROWN.

VAUDEVILLE. CC. 01-836 9988. Eves 8.0 pm. Wed Mats 2.45 Sats 5 & 8. (Extra perf Mon 28 Dec 5 pm) GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE.

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. OPENS DECEMBER 21 AT 7.00. Subs twice daily 2.45 and 7.30. JOHN INMAN. ARTHUR LOWE. IAN LAVENDER in MOTHER GOOSE. Group Sales 01-379 6061 & Teledata 01-200 0200 (24 hours). Red Price prevs from TONIGHT UNTIL SATURDAY. Evgs 7.30 mats Wed & Sat 2.45.

WAREHOUSE Donmar Theatre, Earlham St., Covent Gdn. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY TIMON OF ATHENS ton't 7.30 pm. Final perfs THIRTEENTH NIGHT 16-17 Dec. Public booking open for final perfs of GOOD by C. P. Taylor.

WESTMINSTER THEATRE. CC 5 01-834 0283. GAVIN AND THE MONSTER. A new family musical for Christmas Season. Until January 23. Mats 2.15. Evgs Fri and Sat 6.45.

WHITEHALL. Box off. tel. 01-839 6976. 01-930 6012-7765. CC 01-930 6693-6694. Group sales tel. 01-379 6061. Whitehall's latest farce ANYONE FOR DENIS? by JOHN WELLS. Directed by DICK CLEMENT. MON-SAT EVES 8.15 pm. MAT SAT 5.00 pm.

WINDMILL. CC 01-437 6312. Twice nightly Mon-Sat 7.00 and 9.00 pm. Sun 6.00 and 8.00 pm. Paul Raymond presents RIP OFF! Hotter than ever for 1981. The erotic experience of the modern era. 5th Great Year. FINAL WEEK.

WYNDHAM'S. S 836 3028. CC 379 6565. Grp reductions 836 3962. COLIN BLAKELY, ROSEMARY HARRIS in ARTHUR MILLER'S ALL MY SONS. Directed by MICHAEL BLAKEMORE. Mon-Fri 7.30. Sat 4.30 & 8.00. Wed mat 2.30.

YOUNG VIC (Waterloo). 928 6363. Eves 7.30, till 17 Dec. Seats £2.30. THE WINTER'S TALE.
Opens Sat 19, 5.0 & 8.0 for Xmas GODSPELL. All seats £2.30.
YOUNG VIC STUDIO. 928 6363. Dec 17, 18, 19 all seats 80p. Youth Theatre in TIMESNEEZE (for 12-18 years).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Alliance Investment, Beechwood Construction, Chapman (Balham), Equity and Law Life Assurance Society, London Merchant Securities, Property Holding and Investment Trust, Tex Abrasives.

Finals: Carr's Milling Industries, Arthur Guinness, ICL, J. and W. B. Jackson, Kelsey Industries, Otis and Elliot, William Leach, Northern Foods, Plaxtons (GB), Redfearn National Glass.

FUTURE DATES

Interims—
Associated Communications ... Dec 17
Bell and Sime ... Dec 18
Harris (Philip) ... Dec 30
Plysu ... Dec 17

Finals—
Charming ... Dec 18
Lee (Arthur) ... Dec 17
Reliant Motor ... †Dec 22

† Amended.

LONDON TRADED OPTIONS

Dec. 14 Total Contracts 1122. Calls 768, Puts 354.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	300	26	2	38	—	50	2	318p
BP (c)	320	13	31	—	—	—	—	„
BP (c)	330	—	—	25	10	36	2	„
BP (c)	350	6	11	—	—	—	—	„
BP (c)	360	—	—	12	20	24	—	„
BP (p)	300	8	40	15	6	22	—	„
BP (p)	330	—	—	28	2	38	—	„
BP (p)	350	34	6	—	—	—	—	„
BP (p)	380	64	1	—	—	—	—	„
CU (c)	130	14	2	18	—	23	—	126p
CU (c)	160	2	—	4	5	—	—	„
Cons. Gld (c)	460	50	3	87	—	80	—	500p
Cons. Gld (c)	500	23	41	40	1	60	—	„
Cons. Gld (c)	550	6	17	17	—	25	—	„
Cons. Gld (p)	460	8	7	14	—	18	—	„
Cons. Gld (p)	500	19	25	33	1	45	—	„
Ctlds. (c)	70	6	11	9½	7	12	—	75p
Ctlds. (c)	80	2½	1	4½	—	6½	20	„
GEC (c)	700	90	10	112	—	143	—	782p
GEC (c)	750	42	14	90	—	95	—	„
GEC (c)	800	18	1	37	2	59	—	„
GEC (p)	750	14	20	33	7	37	—	„
GEC (p)	800	35	17	45	6	50	—	„
Gr'd Met. (c)	140	40	1	45	—	49	—	175p
Gr'd Met. (c)	160	21	—	29	1	34	—	„
Gr'd Met. (c)	180	8	20	14	—	22	—	„
Gr'd Met. (c)	200	3	—	7	2	14	—	„
Gr'd Met. (p)	180	13	20	19	1	22	5	„
Gr'd Met. (p)	200	25	9	29	1	31	—	„
ICI (c)	260	22	5	32	—	42	—	274p
ICI (c)	280	12	57	24	8	34	—	„
ICI (c)	300	5	53	14	—	24	—	„
ICI (p)	240	2	—	3	10	7	—	„
ICI (p)	260	3	15	10	11	14	—	„
ICI (p)	280	14	27	20	—	24	—	„
ICI (p)	300	28	49	32	—	36	—	„
Land Sec. (c)	312	8	35	—	—	—	—	301p
Mks. & Sp. (c)	110	17	40	21	—	24	—	124p
Mks. & Sp. (c)	140	2	—	8	—	—	—	„
Shell (c)	350	80	—	84	2	94	—	406p
Shell (c)	390	24	10	40	—	54	—	„
Shell (c)	420	8	—	22	39	36	—	„
Shell (p)	330	5	—	7	4	9	—	„
Shell (p)	360	4	—	12	1	16	—	„
Shell (p)	390	9	8	22	—	26	—	„
Shell (p)	420	22	23	28	1	34	11	„
		February		May		August		
Barclays (c)	420	32	50	40	—	55	—	431p
Imperial (c)	60	13½	5	14½	—	16	4	73p
Imperial (c)	70	6½	10	7½	—	11	—	„
Imperial (c)	80	2½	—	4	—	5	50	„
Imperial (p)	70	3½	3	6	—	8	—	„
Lasmo (c)	420	52	4	70	—	90	—	453p
Lasmo (c)	460	30	8	47	2	67	—	„
Lasmo (c)	500	17	—	34	2	47	—	„
Lasmo (c)	600	7	10	13	—	—	—	„
Lonrho (c)	70	13	1	16	23	17	—	80p
Lonrho (c)	80	5½	25	9	1	10½	—	„
Lonrho (c)	90	3	30	4½	11	8½	—	„
P & O (c)	100	22	30	26	—	—	—	118p
P & O (c)	140	4	—	7	5	—	—	„
Racal (c)	390	45	5	58	—	72	—	413p
Racal (c)	420	28	4	40	—	53	—	„
Racal (p)	360	8	1	17	—	—	—	„
Racal (p)	390	15	10	22	—	28	—	„
Racal (p)	420	25	7	33	1	42	—	„
Vaal Rfs (c)	60	10½	2	11½	—	14	—	[illegible]
Vaal Rfs. (c)	70	5¼	3	6½	—	8	—	„
Vaal Rfs. (p)	60	1¾	—	4	2	5½	—	„

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank ... 14½%
Allied Irish Bank ... 14½%
American Express Bk. 14½%
Amro Bank ... 14½%
Henry Ansbacher ... 14½%
Arbuthnot Latham ... 14½%
Associates Cap. Corp. 15 %
Banco de Bilbao ... 14½%
BCCI ... 14½%
Bank Hapoalim BM ... 14½%
Bank of Cyprus ... 14½%
Bank Street Sec. Ltd.... 16 %
Bank of N.S.W. ... 14½%
Banque Belge Ltd. ... 14½%
Banque du Rhone et de la Tamise S.A. ... 15 %
Barclays Bank ... 14½%
■ Beneficial Trust Ltd. ... 15½%
Bremar Holdings Ltd. 15½%
Bristol & West Invest. 16 %
Brit. Bank of Mid. East 14½%
■ Brown Shipley ... 15 %
Canada Perm't Trust... 15 %
Cavendish G'ty T'st Ltd. 15½%
Cayzer Ltd. ... 15 %
Cedar Holdings ... 15 %
■ Charterhouse Japhet... 15 %
Choulartons ... 15½%
Citibank Savings ...¶15 %
Clydesdale Bank ... 14½%
C. E Coates ... 15 %
Consolidated Credits... 15 %
Co-operative Bank ...*14½%
Corinthian Secs. ... 14½%
The Cyprus Popular Bk. 14½%
Duncan Lawrie ... 14½%
Eagil Trust ... 14½%
E.T. Trust ... 15 %
First Nat. Fin. Corp.... 17 %
First Nat. Secs. Ltd.... 17 %
Robert Fraser ... 15 %
Grindlays Bank ...‡14½%
■ Guinness Mahon ... 14½%
■ Hambros Bank ... 14½%
Heritable & Gen. Trust 14½%
■ Hill Samuel ...§14½%
C. Hoare & Co. ...†14½%
Hongkong & Shanghai 14½%
Knowsley & Co. Ltd.... 15 %
Lloyds' Bank ... 14½%
Mallinhall Limited ... 14½%
Edward Manson & Co. 15½%
Midland Bank ... 14½%
■ Samuel Montagu ... 14½%
■ Morgan Grenfell ... 14½%
National Westminster 14½%
Norwich General Trust 14½%
P. S. Refson & Co. ... 14½%
Roxburghe Guarantee ... 15 %
E. S. Schwab ... 14½%
Slavenburg's Bank ... 14½%
Standard Chartered ...‖14½%
Trade Dev. Bank ... 14½%
Trustee Savings Bank 14½%
TCB Ltd. ... 14½%
United Bank of Kuwait 14½%
Whiteaway Laidlaw ... 15 %
Williams & Glyn's ... 14½%
Wintrust Secs. Ltd. ... 14½%
Yorkshire Bank ... 14½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%. 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12¼%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	—	—	—	—	20	80	$418
GOLD C	$400	16	38 A	—	—	40	62 A	„
GOLD C	$425	145	20 A	14	36	20	50	„
GOLD C	$450	255	11	31	21	—	—	„
GOLD C	$475	188	6	85	16	—	—	„
GOLD P	$375	48	3	2	7	—	—	„
GOLD P	$400	10	8 B	—	—	—	—	„
GOLD P	$425	6	17	5	23	11	24	„
GOLD P	$450	5	31	—	—	—	—	„
12¾ NL 81 87-91								
C	F.105	80	1.70	60	2.30	5	2.70	F.105.80
C	F.107.50	—	—	—	—	29	1.40	„
P	F.105	—	—	—	—	5	3	„
12 NL 81 85-88								
P	F.100	—	—	—	—	80	2	F.101.60
10¾ NL 80 86-95								
C	F.95	10	2	—	—	—	—	F.95.80
P	F.95	—	—	25	1.50	—	—	„
P	F.97.50	60	2.30	—	—	—	—	„
		Dec.		March		June		
GM C	$45	—	—	3	½	—	—	$37⅞
		Jan.		April		July		
ABN C	F.300	—	—	5	7	—	—	F.289.80
AKZO C	F.20	—	—	—	—	8	4.30	F.22.40
AKZO C	F.22.50	10	0.70	—	—	—	—	„
AKZO C	F.25	—	—	—	—	20	1.70	„
AKZO P	F.22.50	—	—	20	1.20	—	—	„
HEIN C	F.45	55	3.50	3	4.50	—	—	F.46.30
HOOG C	F.20	20	0.30	—	—	—	—	F.15.40
HOOG P	F.15	—	—	6	1	—	—	„
IBM P	$50	20	⅜	—	—	—	—	$54
KLM C	F.80	7	17	—	—	—	—	F96
KLM C	F.90	62	7.70	5	15.60	—	—	„
KLM C	F.100	33	2.80	6	9.80	—	—	„
KLM C	F.110	62	1.10	—	—	—	—	„
KLM C	F.120	14	0.50	—	—	—	—	„
KLM P	F.80	13	0.60	—	—	—	—	„
KLM P	F.90	38	2.10	10	3.80 B	3	6	„
KLM P	F.100	73	7.30 B	15	9.50 B	—	—	„
NEDL C	F.140	5	5	—	—	—	—	F.142.70
NEDL C	F.150	10	0.90 A	20	6.60	—	—	„
NEDL C	F.160	—	—	5	3.50	—	—	„
NEDL P	F.140	17	2.30	3	3	—	—	„
NEDL P	F.150	12	9 B	—	—	—	—	„
NATN C	F.105	—	—	3	8.60	—	—	F.111.10
NATN C	F.115	—	—	—	—	10	3.70	„
NATN P	F.110	—	—	3	3	—	—	„
PHIL C	F.20	111	0.50	50	1.50 A	40	1.80	F.19.78
PHIL C	F.22.50	—	—	25	0.70 B	10	0.90	„
PHIL C	F.25	—	—	25	0.30	—	—	„
PHIL P	F.20	33	0.90	45	1.20	3	1.30	„
PHIL P	F.22.50	14	3	—	—	—	—	„
PHIL P	F.25	10	6.50	—	—	—	—	„
RD C	F.80	58	9.80 B	3	13	—	—	F.89.10
RD C	F.90	18	2.70 A	8	6.50 A	—	—	„
RD C	F.100	—	—	17	2.50	—	—	„
RD P	F.80	31	0.50	26	1.80 B	—	—	„
RD P	F.90	55	3	29	4.60	—	—	„
RD P	F.100	—	—	3	11.50 B	—	—	„
UNIL C	F.140	8	11.20	—	—	—	—	F.150.50
UNIL C	F.160	10	0.70	10	4	—	—	„
UNIL C	F.170	10	0.10	—	—	—	—	„
		Feb.		May		Aug.		
BOEI C	$25	—	—	3	2⅛	—	—	[illegible]
MANN C	DM.170	—	—	10	4	—	—	[illegible]
SIEM C	DM.220	—	—	6	5.80	—	—	[illegible]
SLUM C	$60	5	1½	—	—	—	—	$58
VW C	DM.150	5	1	—	—	—	—	[illegible]

TOTAL VOLUME IN CONTRACTS: 2389

A=Asked B=Bid C=Call P=Put

Haslemere rights to ease borrowing

BY MICHAEL CASSELL

Haslemere Estates yesterday announced a £21.6m rights issue to help repay what it described as an "undesirably high" level of variable interest rate borrowings.

The property investment and development company is forecasting a disappointing set of figures for the year ending March 31, 1982, and last night underlined the impact which interest charges are having on profits.

The £21.6m is to be raised via 9 per cent convertible unsecured loan stock dated 2001/06. Shareholders are being offered £2 of the new convertible stock for every three ordinary shares held, while existing convertible stockholders are offered the same for every £6.757 already held.

Haslemere says that, since March 1979, it has invested £25m in the acquisition and development of properties and is engaged in 19 projects involving about £35m over the next three years. Of that total, approximately £14m is recoverable from Scottish Amicable, the funding partner on the Bevis Marks, City, office scheme.

The company says that although it has sufficient funding arrangements to meet present commitments, the directors consider that the proportion of borrowings at variable interest rates is now too high. These amounted to £32m at November 30 1981, compared with total borrowings at the same date of £62m. Haslemere has property assets in excess of £226m and estimated equity assets of over £172m.

Mr Frederick Clearly, Haslemere chairman, said that the company had examined the possible ways of reducing variable rate borrowings and had concluded that, although Haslemere has a considerable stock of uncharged properties, at current interest rates "it would not be prudent to raise new borrowings by way of a fixed interest mortgage stock."

Haslemere's unaudited results for the half-year to September 30 reveal pre-tax profits of £3.39m (£2.88m) after interest of £3.5m (£3.2m). The company says that the increased level of variable rate borrowings—required to fund the continuing development programme—was likely to affect results for the year as a whole.

Pre-tax profits for the year to March 30 1982 will be about *£5.5m after interest charges*—expected to be about £7.77m. This forecast takes into account an anticipated interest saving from the rights issue of about £330,000. In the previous 12 months, pre-tax profits reached £5.87m after interest charges of £6.79m.

Haslemere hints that the prospects for 1982-83 might not be significantly better, although it says it is confident about prospects for achieving assets and dividend growth. There is an interim dividend of 1.65p (1.44p) and the board intends to recommend a final of 5.25p making 6.9p net per share—a 15 per cent increase on last year.

The directors estimate a net asset per share value of 535p if conversion rights on all existing stocks and options are exercised and 519p if all rights in respect of the new convertible stock are taken up.

See Lex

Gresham Hse. revenue rises at six months

For the first half of 1981 pretax revenue of the Gresham House Estate Company, investment concern, increased from £270,000 to £305,000. The interim dividend is held at 1.4p net per 25p share—last year's final payment was 2.25p.

Pre-tax figure for the whole of 1980 was a £93,000 loss.

Earnings per share to June 30 1981 are shown as 2.5p (4.43p loss) at midway, tax charge was £50,000 (nil), and minority interests took £152,000 (£78,000).

Sharp fall into the red at Normand Electrical

A STEEP slide into taxable losses was shown by Normand Electrical Holdings for the six months to August 31 1981. The pre-tax result turned from a surplus of £406,000 into a deficit of £89,000 on turnover depressed from £7.7m to £6.11m.

There is no interim dividend, against a payment last time of 1.0927p. The loss per 20p share was stated as 1.1p, compared with earnings of 2.3p. There was no final last year.

Pre-tax results were struck after lower interest payable of £114,000, compared with £159,000 previously, and reduced redundancy costs of £19,000 against £69,000.

The directors state that the net loss is in line with the statement made at the AGM in July 1981. Orders were very scarce and there were no signs of an end to the recession.

However, order books in all main product areas are beginning to show positive recovery. This is due to an increase in *activity in those markets in* which the group operates.

Tax this time came to £1,000 (£182,000) and attributable losses emerged at £161,000, compared with profits of £210,000, after lower minority debits of £12,000, against £14,000 and a debit for goodwill on acquisition of a minority interest of £59,000 (nil).

Bishop's Group plunges into £82,000 loss

A pre-tax loss of £82,000, compared with profits of £412,000, is *reported by Bishop's Group,* formerly Bishop's Stores, for the 28 weeks to September 12 1981.

The interim dividend is halved to 1p—last year's total was 4p paid from pre-tax profits of £931,000.

Turnover of this food wholesaler and retailer rose from £84.03m to £94.13m.

The directors say that in spite of a 12 per cent increase in sales, profits have been severely affected by a number of factors. Two of the major trading subsidiaries incurred losses. The group has also provided for an additional £150,000 amortisation over last year as a result of the property revaluation and a change in accounting policy.

Current management accounts and forecasts indicate an improvement in the second half of the year.

Break-even hopes for Gieves Gp.

BREAK-EVEN results are expected by the directors of Gieves Group for the second half, after taxable losses in the first six months rose from £449,000 to £605,000. Turnover was reduced from £20.54m to *£11.66m for the period ending* July 31 1981, largely due to discontinued operations.

There is no interim dividend (same). In the last full year this group, with interests in tailoring, book manufacture, publishing and motor dealing, showed pre-tax losses of £1.09m (profit £451,000) on turnover of £39.34m (£34.26m).

In the last annual accounts *the directors referred to* their hope of restoring stability in the second half of this year. Trading losses in the first half arose almost entirely from discontinued operations they say. Interest charges in the second half will be reduced by the sale of property.

The first six months has been dominated by two factors—the continuing recession and the closure of the hard-back bindery at Esher.

Since July there has been some evidence of recovery and, although much depends on the Christmas and January sales, the directors look for better results in the second half.

The directors have been advised that, the distributable reserves in existence prior to the reorganisation in March 1980 continue to be available by way of dividends. Although the directors intend to wait until profitability has been established before resuming dividend payments, it will not now be necessary to recoup losses incurred since March 1980 before this is legally permissible.

Tax credits this time came to £300,000, compared with £225,000 previously. There was an attributable loss of £586,000, against a previous profit of £31,000.

Fledgeling Inv. seeking SE listing

Fledgeling Investments is seeking a listing on the Stock Exchange. Subject to approval being granted, it will operate as an approved investment trust from the beginning of its next financial year on January 22 1982.

Once it has qualified as an investment trust, taxation on capital gains arising from the sale of investment will no longer be payable. The Board estimates that if all Fledgeling's investments had been realised at the end of its last financial year, there would have been a capital gains tax liability of £1.76m.

Fledgeling plans to make its debut on the Stock Exchange by way of a placing of 17 per cent of the issued share capital. Five institutional shareholders have provisionally agreed to provide the shares required

MINING NEWS

MIM borrows to fund Queensland coal mine

BY GEORGE MILLING-STANLEY

THE MAJOR Australian base metals group MIM Holdings has completed the financing for the development of the big Oaky Creek coal mine in Queensland. Following attempts to secure the necesary funds which started in the early part of this year, MIM announced yesterday that it had arranged a two-currency facility totalling the equivalent of A$300m (£177m).

The facility is split into two parts, one of A$100m and one of *US$230m* (£119m), and the arrangements were completed in Singapore. The loan is believed to be the biggest ever signed in Singapore.

The repayment period will be between nine and 15 years, depending on Oaky Creek's cash flow. The lenders have recourse only to the assets of the project.

The terms for both loans are identical, according to MIM, apart from the interest rates *payable.* The group declined to disclose the rates, saying only that they were in line with what the market would expect.

The Australian dollar portion of the borrowing is lead-managed by the Bank of New South Wales, and the Eurodollar portion by the Toronto Dominion Bank and Citibank.

The other participating banks are Algemene Bank Nederland, Amsterdam Rotterdam Bank, Chemical Bank, Kredietbank, Mellon Bank, the National Bank of Australasia and Sumitomo Bank.

MIM has 79 per cent of Oaky Creek, with the remaining holdings as follows: Estel Hoogovens of the Netherlands 8.5 per cent, Nuova Italsider of Italy 7.5 per cent and Empresa Nacional Siderurgica of Spain 5 per cent. The Italian and Spanish concerns are both state-owned steel producers.

Until recently, Estel had a slightly larger stake *in the venture,* but the Dutch group has transferred a 1 per cent holding to MIM in order to increase the Australian equity content.

The question of the size of the local participation was the major stumbling block to the granting of government approval for Oaky Creek, as Asarco of the U.S. has a large interest in MIM.

This summer, Asarco agreed to reduce its stake in MIM to 44 *per cent from 48.9* per cent, and this is expected to be achieved by the end of next year.

MIM finally received the go-ahead from the government in May this year, after undertaking to increase the Australian stake in Oaky Creek to 50 per cent.

The mine is scheduled to start producing an annual 2.25m tonnes of high-quality coking coal in 1983, rising to 3m tonnes a year by 1985. The European partners in the venture have agreed to take a total of 1.7m tonnes a year for 15 years.

Oaky Creek contains at least 16m tonnes of coal recoverable by open-cut methods, with a further 400m tonnes which would require underground working.

The size of the fundraising, which should cover the total cost of developing Oaky Creek even allowing for over-runs, suggests that MIM will not now need to have recourse to a rights issue to finance the project, which had been feared.

Nevertheless, MIM may still have to turn to shareholders for funds in the near future, as Oaky Creek is just one of three major coal developments in Queensland in which the group has an interest, quite apart from some promising precious and base metal prospects.

Sir James Foot, chairman, said in his latest annual statement that MIM was entering a period of major capital expenditure to develop coal *and other resources,* and at a time of depressed metal prices it is unlikely that adequate funds can be provided out of cash flow.

In fact, MIM recently reported its first quarterly loss in 45 years, with a net deficit of A$1.14m for the three months to September 30, compared with a profit of A$32.36m in the same period of 1980.

The shares rose 3p to 203p in London yesterday.

Alternative fuel for thought

THE latest warning to the Western nations by the International Energy Agency that the present glut of oil could quickly disappear and lead again to energy shortages and advancing fuel prices may have a prophetic quality quite different from that intended.

In other words, it may be the producers of oil which are facing the end of the honeymoon. Admittedly, they may have no early cause for concern but the writing is on the wall in the constant flow of huge new coal developments.

The search for this alternative fuel was triggered off by the original oil crisis and as the years have gone by major discoveries of coal have been made throughout the Western world and many of them are in production, or close to it.

For example, Australia's MIM Holdings, as mentioned above, is due to start mining in 1983 at an annual rate of 2.25m tonnes of high quality coking coal from the Oakey Creek deposit in Queensland which has reserves of over 400m tonnes.

Total coal reserves in Australia and, indeed, in South Africa are now measured in billions of tonnes. Meanwhile, it is reported from Washington that coal reserves now leased by the U.S. Government in the Western states could yield four times as much by 1991 as they do now

A study by the Congressional Office of Technology Assessment says that existing leases, which *give companies the right to mine* the Government-owned mineral, have a vast untapped potential. This indicates that the U.S. Government does not necessarily have to grant more leases in order to boost coal output.

In 1979, coal production from mines, including the existing government leases, amounted to 138m short tons, or about 15 per cent of the country's total output. The study concludes that *production could rise to between* 410m and 500m tonnes annually by the early 1990s.

Jackson report hits Claremont

THE Australian oil and gas share market high flyers of recent days fell sharply yesterday following news that the *Jackson No. 1 oil discovery well* in the Queensland sector of Australia's Cooper Basin has reached its target depth of 5,728 ft (1,748 metres) without any further hydrocarbon shows

The well had previously flowed oil at rates totalling 4,000 barrels a day from tests of three zones of interest.

Claremont Petroleum, which will hold a 10 per cent interest in the licence area containing Jackson 1 on completion of the discovery well, fell 25p to 73p, while Santos dropped 25p to 375p; Santos will hold 40 per cent of the licence area, ATP 259p, Vamgas, 8 per cent, Delhi Petroleum (a subsidiary of CSR) 32 per cent, Ampol Exploration 7.5 per cent and Oil Company of Australia 2.5 per cent.

SPAIN

December 11	Price %	+ or −
Banco Bilbao	331	
Banco Central	326	
Banco Exterior	303	
Banco Hispano	325	
Banco Ind. Cat.	115	
Banco Santander	352	
Banco Urquijo	216	
Banco Vizcaya	348	
Banco Zaragoza	212	
Dragados	135	
Espanola Zinc	62	
Fecsa	65	−1
Gal. Preciados	40	
Hidrola	76	−0.2
Iberduero	56.7	+0.5
Petroleos	91.7	+1.7
Petroliber	101	+3
Sogefisa	40	
Telefonica	72	−1
Union Elect.	72.5	−0.5

APPOINTMENTS

Managing director at Automotive Products

Mr Brian Hill is leaving the board of Turner and Newall on December 31 to join AUTOMOTIVE PRODUCTS as managing director. He has been the chief executive of T and N's automotive components division since 1976.

★

Mr Michael Clark has been appointed engineering services director of the MINING INVESTMENT CORPORATION, the parent company of Burnett and Hallamshire's mining division.

★

Mr David Roxburgh has been appointed to the board of COMBINED ENGLISH STORES

★

Mr J. Davidson has been appointed market development director of FAIREY HYDRAULICS, a Fairey Holdings Group company. He was group marketing manager for the marine division of the International Paint Company.

★

Mr Ronald Stewart-Brown has been appointed a director of MMG LIMITED, a member of the MMG corporate finance and management advisory group.

★

The British Railways board has appointed Mr Len Merryweather, deputy managing director of SEALINK UK, managing director in succession to Mr David Kirby. Mr Kirby has been appointed to British Rail as director, London and south east and general manager of Southern Region.

★

The FRIZZELL GROUP has made the following appointments from January 1: Mr M. W. Watt (director) will become general manager (development) Norman Frizzell. Mr W. H. J. Ritchens (director) is made general manager Norman Frizzell Motor and General. Mr H. W. Paine is appointed a director of Norman Frizzell Motor and General. Mr C. Smith is made a director of Norman Frizzell Underwriting.

At the annual meeting of the INCORPORATED LIVERPOOL SCHOOL OF TROPICAL MEDICINE, Sir David A. Orr, chairman of Unilever, was appointed president.

★

EXCESS INSURANCE GROUP has made the following appointments: Mr Bruce Crowder has become director of reinsurance underwriting. Mr Ray Biseborough has been made assistant director of reinsurance operations and Mr Peter Butler has been appointed North American treaty and casualty underwriter. Mr Goran Thorstensson has been transferred from the group's Paris office to take up the post of international reinsurance manager responsible for the overseas development of the group's inwards reinsurance account.

★

The EUROPEAN UNION OF INDEPENDENT LUBRICANT PRODUCERS (UEIL) has elected Mr Charles Mitchell, chairman of the Century Oils Group, as UK president for 1982-83.

★

MARCHWIEL, the holding company of the Sir Alfred McAlpine construction group, is making the following appointments from January 1: Mr C. J. Edwards, Mr J. W. Roberts, Mr T. Scurr, Mr B. W. Stanley and Mr J. T. Wilson. All are executive directors in the Marchwiel Group with responsibilities in either the UK or overseas that remain unchanged.

★

Mr David Fisher has been appointed managing director of HARRISON COWLEY ADVERTISING (NORTHERN), part of the Harrison Cowley (Holdings) group.

★

Mr Arie Idelson has been appointed manager of the City branch of BANK HAPOALIM BM from January 1. Mr Idelson, was head of Bank Hapoalim's Tel Aviv head office securities department. Mr Eli Zamir, deputy UK representative and manager of the City office since 1977, is returning to Israel and will take up a senior position at head office.

★

Mr Julian Rampton has joined the board of STAFFORD ROBERT AND PARTNERS. He has also become a director of the subsidiary company Les Routiers.

★

MINET HOLDINGS states that Mr V. T. Boghos, Mr P. H. Foster, Mr J. T. Gore and Mr B. J. Hayes have been appointed directors with effect from an extraordinary general meeting which is scheduled to take place at the end of January.

★

Mr E. W. Joseph, retires at the end of the month from the board of BANK LEUMI (UK), the British subsidiary of Bank Leumi le-Israel BM. Mr Joseph was formerly managing director of Leopold Joseph and Son, the merchant bank founded by his late father.

★

CAMERON RICHARD AND SMITH INSURANCE SERVICES has been formed with Mr T. F. Poole as chairman, Mr M. C. Tucker—managing director, and Mr G. L. J. Ropner, Mr P. Leith-Smith and Mr W. G. Filby directors.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

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[illegible]

CURRENCIES, MONEY and GOLD

Dollar firm

The dollar rose from Friday's levels in reaction to the imposition of martial law in Poland. However, it finished some way below its best level as previous highs tended to reflect some over-reaction to the situation. The U.S. unit was also underpinned by higher than expected U.S. money supply figures with Euro-dollar rates continuing to rise.

Sterling lost ground overall as confidence was undermined by the threat of further industrial unrest and disappointing money supply figures. It did improve against the D-mark however as the latter eased on the Polish crisis.

The Belgian franc was placed within its divergence limit from central rates in the European Monetary System in response to higher interest rates and the formation of a new Government. However trading remained very nervous. The Dutch guilder was the strongest currency, replacing the French franc, only nine weeks after the latest EMS reshuffle which left the guilder at the bottom of the system.

DOLLAR — trade weighted index (Bank of England) rose from 107.2 to 108.5. The dollar closed at DM 2.2835 against the D-mark, up from DM 2.2590 on Friday but down from a best level of DM 2.3200. Similarly against the Swiss franc it finished at SwFr 1.8460 from SwFr 1.8410 and was also higher against the yen at Y220.70 from Y219.25. Dealers emphasised that trading was extremely thin with just one sizable order needed to shift rates considerably.

STERLING — trade weighted index (Bank of England) fell to 89.6 from 89.8, having stood at 89.6 at noon and 90.0 in the morning. Against the dollar sterling was quoted at $1.8500 in early trading but recovered to a best level of $1.8750 before closing at $1.8665-1.8675, a fall of 1.35c. Against the D-mark it rose to DM 4.2650 from DM 4.25 and Y412.25 from Y412. It was lower against the Swiss franc however at SwFr 3.4475 from SwFr 3.4600 and FFr 10.78 compared with FFr 10.8050.

D-MARK—Showing a slightly firmer tendency compared with levels set after October's reshuffle within the European Monetary System. However, against the dollar the D-mark has steadily lost ground this month although it is still much firmer than levels touched earlier in the year. Economic considerations have once again been pushed aside as the market reacts to developments in Poland—The D-mark lost ground at the Frankfurt fixing yesterday reflecting early reaction to the imposition of martial law in Poland. The Bundesbank sold $30.25m at the fixing as the dollar rose to DM 2.2900 from DM 2.2553. Sterling rose to DM 4.2670 from DM 4.2350 and the French franc was higher at DM 39.40 per FFr 100 from DM 39.35. Later in the day the dollar eased back as the market adopted a wait and see attitude, and was quoted at DM 2.2850.

BELGIAN FRANC — Weakest member of the EMS and moving outside its divergence limit from central rates recently. Moves by the authorities to increase the discount rate and other interest rates coupled with the formation of a new Government have left the market extremely nervous with the possibility of a devaluation within the system not altogether ruled out — The Belgian franc was firmer against most currencies at yesterday's fixing in Brussels. The rise in the discount rate to 15 per cent eased pressure to some extent on the Belgian unit and the difference between the official and free rate tended to narrow. The D-mark fell to BFr 17.0285 from BFr 17.19 and the French franc was lower at BFr 6.7085

THE POUND SPOT AND FORWARD

Dec 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8500-1.8750	1.8665-1.8675	0.35-0.25c pm	1.93	0.85-0.75 pm	1.71
Canada	2.2150-2.2350	2.2325-2.2335	0.30-0.40c dis	−1.88	0.88-1.05dis	−1.73
Nethlnd.	4.65-4.72	4.65½-4.66½	1⅞-1⅝c pm	4.18	5-4½ dis	4.08
Belgium	72.15-73.80	72.25-72.35	190-210c dis	−33.20	240-280dis	−13.80
Denmark	13.84-13.98	13.94-13.95	2¾-1½ore pm	1.61	5½-3½ pm	1.25
Ireland	1.1950-1.2125	1.1990-1.2005	0.24-0.36p dis	−2.95	0.78-1.00dis	−2.57
W. Ger.	4.25-4.31	4.26-4.27	1⅞-1¾pf pm	4.57	5½-4⅞ pm	4.80
Portugal	122.00-124.75	122.70-123.09	75-190c dis	−12.94	75-405 dis	−7.81
Spain	182.75-184.25	183.75-183.95	10-40c dis	−1.63	45-65 dis	−0.88
Italy	2,273-2,306	2,277-2,280	16-19lire dis	−9.22	47-50 dis	−8.61
Norway	10.77-10.87	10.83½-10.84½	2⅝-4⅝ore dis	−3.94	¼ pm-1⅞dis	−0.48
France	10.75-10.93½	10.77-10.79	¾-1¾c dis	−1.39	4¼-5¼ dis	−1.76
Sweden	10.41-10.48	10.46½-10.47½	2½-1⅞ore pm	1.40	9½-7¾ pm	3.10
Japan	411-414½	411¾-412¾	3.40-3.10y pm	9.48	9.10-8.75 pm	8.66
Austria	29.85-30.21	30.01-30.06	11-8gro pm	3.80	28-21 pm	3.26
Switz.	3.43½-3.49	3.44¼-3.45¼	1¾-1⅝c pm	5.22	4⅝-4¼ pm	5.22

Belgian rate is for convertible francs. Financial franc 83.50-83.60. Six-month forward dollar 1.05-0.95c pm. 12-month 1.25-1.05c pm.

THE DOLLAR SPOT AND FORWARD

Dec 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8500-1.8750	1.8665-1.8675	0.35-0.25c pm	1.93	0.85-0.75 pm	1.71
Ireland†	1.5425-1.5560	1.5500-1.5530	0.70-0.60c pm	5.05	1.90-1.70 pm	4.66
Canada	1.1924-1.1972	1.1965-1.1968	0.34-0.37c dis	−3.56	0.95-0.98dis	−3.24
Nethlnd.	2.5010-2.5160	2.5020-2.5070	0.60-0.50c pm	2.63	1.78-1.68 pm	2.76
Belgium	38.74-39.15	38.74-38.76	110-130c dis	−36.83	145-175dis	−16.37
Denmark	7.4000-7.4900	7.4675-7.4775	0.10-0.15ore dis	−0.20	0.25-0.75dis	−0.27
W. Ger.	2.2750-2.3200	2.2830-2.2840	0.58-0.48pf pm	2.78	1.88-1.78 pm	3.20
Portugal	65.70-66.60	66.00-66.20	30-110c dis	−12.71	70-240 dis	−9.28
Spain	98.15-99.05	98.15-98.20	25-35c dis	−3.65	75-95 dis	−3.46
Italy	1,220-1,226	1,220-1,222	11-13lire dis	−11.76	31-34 dis	−10.82
Norway	5.7700-5.9160	5.7825-5.7925	5½-6¼ore dis	−12.14	5½-6¼ dis	−4.06
France	5.7600-5.8700	5.7725-5.7775	1.50-1.70c dis	−3.39	5.00-5.40dis	−3.57
Sweden	5.5875-5.6220	5.6050-5.6150	0.35-0.20ore pm	0.59	2.10-1.95 pm	1.44
Japan	220.25-222.50	220.65-220.75	1.50-1.35y pm	7.75	4.20-4.05 pm	7.49
Austria	16.00-16.16	16.00-16.01	6½-5½gro pm	4.47	18½-14½ pm	4.18
Switz.	1.8400-1.8775	1.8455-1.8465	0.70-0.62c pm	4.28	1.90-1.82 pm	4.03

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.6	−34.0
U.S. dollar	108.5	+1.8
Canadian dollar	88.2	−16.8
Austrian schilling	116.4	+23.9
Belgian franc	104.6	+8.3
Danish kroner	86.9	−10.2
Deutsche mark	121.8	+43.7
Swiss franc	150.8	+102.3
Guilder	114.5	+20.2
French franc	80.1	−14.8
Lira	55.4	−57.6
Yen	145.0	+38.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.617905	0.593470
U.S. $	12	1.16828	1.07764
Canadian $	15.18	1.38218	1.28025
Austria Sch.	6¾	18.3687	17.0898
Belgian F	15	45.0006	41.8154
Danish Kr.	11	8.51370	7.94086
D mark	7½	2.62129	2.43429
Guilder	9	2.88129	2.65985
French Fr.	9½	6.66395	6.19432
Lira	19	Unavail	1303.10
Yen	5½	253.843	235.958
Norwgn. Kr.	9	6.71558	6.22181
Spanish Pts.	8	112.857	104.879
Swedish Kr.	11	6.45630	5.98900
Swiss Fr.	6	2.14348	1.99092
Greek Dr'ch.	20½	—	61.3450

OTHER CURRENCIES

Dec. 14	£	$		Note Rates
Argentina Peso	12,986-13,006†	6987-7007†	Austria	29.75-30.05
Australia Dollar	1.6450-1.6470	0.8845-0.8850	Belgium	81.50-83.30
Brazil Cruzeiro	227.78-228.78	122.59-123.20	Denmark	13.81-13.93
Finland Markka	8.225-8.257	4.4170-4.4220	France	10.74-10.88
Greek Drachma	107.029-110.260	58.00-58.20	Germany	4.24½-4.28½
Hong Kong Dollar	10.44½-10.46½	5.6240-5.6340	Italy	2255-2285
Iran Rial	148.75*	79.00*	Japan	415-418
Kuwait Dinar (KD)	0.524-0.530	0.2823-0.2825	Netherlands	4.64¼-4.68¼
Luxembourg Fr.	72.25-72.35	38.74-38.76	Norway	10.76-10.86
Malaysia Dollar	4.1930-4.2030	2.2570-2.2600	Portugal	122¼-131
New Zealand Dlr.	2.2600-2.2640	1.2145-1.2155	Spain	181¼-191¼
Saudi Arab. Riyal	6.34-6.40	3.4200-3.4220	Sweden	10.38-10.48
Singapore Dollar	3.8330-3.8430	2.0630-2.0660	Switzerland	3.44½-3.48½
Sth. African Rand	1.8550-1.8570	0.9935-0.9945	United States	1.84½-1.86½
U.A.E. Dirham	6.81-6.87	3.6720-3.6740	Yugoslavia	85-95

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 20,468-20,488 and for the dollar 11,000-11,050. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.5535	+1.96	+1.23	±1.5368
Danish Krone	7.91117	7.93975	+0.38	−0.36	±1.6412
German D-Mark	2.40959	2.44145	+1.31	+0.58	±1.1077
French Franc	6.17443	6.19874	+0.39	−0.33	±1.3733
Dutch Guilder	2.66382	2.67050	+0.25	−0.47	±1.5063
Irish Punt	0.684452	0.687506	+0.45	−0.27	±1.6888
Italian Lira	1300.67	1302.03	+0.10	+0.10	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for December 14 .... 0.572058

EXCHANGE CROSS RATES

Dec. 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.867	4.265	412.3	10.78	3.448	4.660	2279.	2.233	72.30
U.S. Dollar	0.536	1.	2.284	220.8	5.774	1.847	2.496	1220.	1.196	38.73
Deutschemark	0.234	0.438	1.	96.66	2.528	0.808	1.093	534.2	0.524	16.95
Japanese Yen 1,000	2.426	4.529	10.35	1000.	26.15	8.363	11.30	5527.	5.417	175.4
French Franc 10	0.928	1.732	3.956	382.4	10.	3.198	4.323	2114.	2.071	67.07
Swiss Franc	0.290	0.542	1.237	119.6	3.127	1.	1.352	660.9	0.648	20.97
Dutch Guilder	0.215	0.401	0.915	88.47	2.313	0.740	1.	488.9	0.479	15.52
Italian Lira 1,000	0.439	0.819	1.872	180.9	4.731	1.513	2.045	1000.	0.980	31.75
Canadian Dollar	0.448	0.836	1.910	184.6	4.828	1.544	2.087	1020.	1.	32.38
Belgian Franc 100	1.383	2.582	5.899	570.2	14.91	4.768	6.445	3151.	3.088	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/16	offer 14 5/16	bid 14 7/16	offer 14 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅞-15⅛	12-12¼	16-17	10 11/16-11 1/16	5-5½	10¼-10⅝	15¼-15¾	18-21	—	6½-6⅝
7 days' notice	15⅛-15⅜	12¼-12½	16-17	11-11⅛	4¾-5¼	10 5/16-10 9/16	15¼-15¾	20¾-24	—	6⅝-6¾
Month	15 9/16-15 11/16	13⅜-13⅝	17½-17⅞	11¼-11⅝	9 3/16-9 7/16	10 13/16-11 1/16	16¼-16¾	23⅛-24⅞	45-55	6 9/16-6 11/16
Three months	15⅝-15¾	13⅝-13⅞	17¼-17⅝	11¼-11⅝	9 5/16-9 9/16	10¾-10⅞	17¼-17¾	23¾-24¾	28-33	6 9/16-6 11/16
Six months	15⅝-15¾	14¼-14½	17⅛-17½	11¼-11⅝	9½-9⅝	10⅝-10¾	18-18½	23¾-24¾	25-28	6¾-6⅞
One Year	15½-15¾	14⅛-14⅜	16⅝-17	11¼-11⅝	8¾-8⅞	10 7/16-10 9/16	18½-19	24-25	21½-25	6½-6 11/16

SDR linked deposits: one-month 12 11/16-13 1/16 per cent; three months 13 1/16-13 7/16 per cent; six months 13¼-13⅝ per cent; one-year 13¼-13⅝ per cent.
ECU linked deposits: one-month 14⅞-15¼ per cent; three months 14 11/16-15 1/16 per cent; six months 14 11/16-15 1/16 per cent; one-year 14⅞-14 15/16 per cent.
Asian $ (closing rates in Singapore): one-month 13⅝-13⅞ per cent; three months 14¼-14½ per cent; six months 14⅜-14⅝ per cent; one year 14⅜-14⅞ per cent.
Long-term Eurodollar two years 15¼-15½ per cent; three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.15-13.25 per cent; three months 13.55-13.65 per cent; six months 13.80-13.90 per cent; one-year 14.20-14.30 per cent.

MONEY MARKETS

Calm returns

London clearing bank base lending rates 14½ per cent (since December 4)

Calm returned to the London money market yesterday afternoon, after a very nervous morning session when sterling continued to weaken and interest rates rose. The attitude of the authorities in buying about £100m more bills than the underlying shortage indicated led to hopes that bank base rates may be maintained at the present level in the immediate future. Further encouragement was gained from yesterday's official dealing rates, and the decision of the Bank of England to keep buying bills at 14⅜ per cent, as well as the easing of Eurodollar interest rates after a very firm start.

In the interbank market overnight money opened at 14⅞-15 per cent, the highest level of the day, and fell to a low of 13-13½ per cent in the afternoon, following the extra help from the Bank of England, before closing at 14½ per cent.

Seven-day funds rose to 14⅞-15¼ per cent from 14¾-15⅛ per cent, and three-month to 15 7/16-15¾ per cent from 15¼-15½ per cent.

In the morning the authorities forecast a shortage of about £300m, but this was revised to £250m at noon, although the total amount of assistance provided was £358m.

Before lunch the Bank of England bought £259m of bills by way of £18m bank bills in band one at 14⅜-14½ per cent; £113m bank bills in band two at 14⅜-14½ per cent; £73m Treasury bills in band three at 14⅜-14½ per cent; and £55m local authority bills in band three at 14½ per cent. An additional £99m of bills were purchased in the afternoon through £15m bank bills in band two at 14⅜-14½ per cent; £3m local authority bills in band three at 14⅜ per cent; and £81m bank bills in band three at 14⅜-14 7/16 per cent.

Gilt dividends and the rate support grant helped swell the figure on Exchequer transactions to +£520m, but according to the early forecast this was outweighed by bills maturing in official hands and a take-up of Treasury bills −£250m; the unwinding of repurchase agreements on bills −£390m; and a pre-Christmas rise in the note circulation of −£60m.

Conditions are expected to be very difficult today, which may well have been a factor behind yesterday's generous intervention. Payment of tobacco tax, maturing bills held by the authorities, and a seasonal rise in the note circulation are likely to lead to a shortage of over £500m.

GOLD

Firmer trend

Gold rose $7½ an ounce from Friday's close in London in the bullion market yesterday to close at $418-419. It opened at $421-422 and rose to a high of $422½-423½ after seeing $431 in Hong Kong. However, initial strength due to the Polish situation was not maintained and it fell to $419.25 at the morning fixing and $417.50 at the afternoon fixing. Trading was extremely quiet during the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 79,300 per kilo ($422.68 per ounce) in the afternoon compared with FFr 78,000 ($418.64) in the morning and FFr 76,500 ($414.99) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,010 per kilo ($421.00) against DM 29,810 ($411.0) and closed at $417-418 from $409½-410½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $421.5 from $408.5 on Friday.

In Zurich gold finished at $417-420 compared with $409-412.

	Dec. 14		Dec. 11	
Gold Bullion (fine ounce)				
Close	$418-419	(£224¾-225¼)	$410½-411½	(£217¾-218¼)
Opening	$421-422	(£226-226½)	$407½-408½	(£216-216½)
Morning fixing	$419.25	(£223.859)	$409	(£216.175)
Afternoon fixing	$417.50	(£224.583)	$409.75	(£217.721)
Gold Coins				
Krugerrand	$436-432	(£231½-232)	$423-424	(£225¼-225¾)
1/2 Krugerrand	$222-223	(£119¼-119¾)	$221-222	(£117¾-118¼)
1/4 Krugerrand	$113-114	(£60¾-61¼)	$112-113	(£59¾-60¼)
1/10 Krugerrand	$46¼-47¼	(£24¾-25¼)	$47-48	(£25-25½)
Mapleleaf	$432-434	(£232-233)	$423-424	(£225¼-225¾)
New Sovereigns	$102½-103	(£56-55¼)	$100-101	(£53¼-53¾)
King Sovereigns	$116-117	(£62½-63)	$115-116	(£61-61½)
Victoria Sovs	$116-117	(£62½-63)	$115-116	(£61-61½)
French 20s	$101-111	(£55¼-59½)	$99-109	(£52¾-58)
50 pesos Mexico	$517-520	(£277¾-279¼)	$507-510	(£270-271½)
100 Cor. Austria	$406-410	(£218-220¼)	$398-402	(£212-214)
$20 Eagles	$509-514	(£273¼-276)	$508-513	(£270½-273¼)

MONEY RATES

NEW YORK	
Prime rate	15½-15¾
Fed. funds	12¾-12⅞
Treasury bills (13-week)	11.00
Treasury bills (26-week)	11.80
GERMANY	
Special Lombard	10.50
Overnight rate	10.55
One month	11.10
Three months	10.70
Six months	10.40
FRANCE	
Intervention rate	15.125
Overnight rate	15.6875
One month	15.625
Three months	15.625
Six months	15.625
JAPAN	
Discount rate	5.5
Call (unconditional)	6.40625
Bill discount (three-month)	6.73125

LONDON MONEY RATES

Dec. 14 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ❂	Eligible Bank Bills ❂	Fine Trade Bills ❂
Overnight	—	13-15	14¾-15	—	—	14½-15⅞	13-14⅛	—	—	—
2 days notice	—	—	14⅝-15	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅞-15¼	14⅞-15	—	—	15⅛	14⅜-14½	—	—	—
One month	15⅛-15¼	15 1/16-15 3/16	15¼	16⅛-15¾	15⅜	15⅞	14½	—	—	—
Two months	15⅝-15⅜	15¼-15 5/16	—	16⅛-15¾	15½	15⅞	14½	14⅝-14¾	14¾-14 13/16	15½
Three months	15 11/16-15 9/16	15⅜-15¾	15⅜	16⅛-15¾	15 9/16	16	14½	14⅝-14¾	14 13/16-14 15/16	15½
Six months	15⅝-15 9/16	15½-15 11/16	15⅜	15½-15	15 11/16	—	—	14⅞-15	14 15/16-15	15⅝
Nine months	15 11/16-15⅝	15⅜-15⅝	—	15¾-15⅜	15⅝	—	—	—	14 7/16-14½	15⅛
One year	15½-15⅝	15⅜-15⅝	15¼	15¾-15⅝	15⅝	—	—	—	—	—
Two years	—	—	15	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15 per cent; four years 15 per cent; five years 15 per cent. ❂Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four months trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14⅜-14⅜ per cent; two months 14⅜-14⅜ per cent; three months 14⅜ per cent. Approximate selling rate for one month's bank bills 14⅜-14 11/16 per cent; two months 14 11/16-14 13/16 per cent; and three months 14 13/16-14⅞ per cent; one-month trade bills 15¼ per cent; two months 15¼ per cent; three months 15¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 16 per cent from December 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.5801.

How Hornby finally regained its independence

By Reg Vaughan

SOME 60 years ago Frank Hornby started to build detailed model trains in a factory in Liverpool. This pioneer of model engineering put his name to a creation which has become one of the most famous in British toy history and in the process captured a place in a million childhood memories.

Today Hornby is flourishing as an independent company, having survived the collapse of two toy groups in the last decade. It was a period that saw the demise of some of the great names in British toy history, including Meccano and Dinky Toys which are now manufactured in France.

Six months ago Hornby gained its independence from the receiver of the Dunbee-Combex-Marx toy group, which crashed in February 1980 with debts of £19m.

The memories of those dark days are still fresh in the mind of Mr Karl Mueller, Hornby's managing director. Mr Mueller described with some bitterness how he and other DCM managers were called to a meeting in London—only to be introduced to the receivers.

From that moment on Mr Mueller conducted a personal crusade to preserve Hornby as an indepenedent British company and save the jobs of 1,400 people.

He eventually gained financial support for a management buy out despite widespread reluctance by City institutions to back the company.

After recovering from the shock of the DCM collapse Mr Mueller's main concern was for the future of a skilled workforce at the group's factory in Margate in Kent, close to the Battle of Britain aerodrome of Manston.

Hornby's history touches on most of the other famous names in British toy history. Apart from Hornby trains, Frank Hornby is credited with the invention of Meccano construction kits and the Dinky Toy. In 1908 a company called Meccano was formed by the Hornby family to take over the business of Elliott and Hornby.

Meccano became a public company in 1932 and produced profits for many years, reaching a peak of £1m in 1955. But by 1962 the company had run into losses which were to continue for two years. In 1964 Meccano was acquired by Lines Brothers, which was then Britain's largest toy maker, and which included the name of Tri-ang Railways.

Under Lines Bros., Meccano was reorganised and regained a profitable and strong position. But by 1971 Lines itself was in deep trouble and Hornby again changed hands.

Meccano (which took in Hornby Dublo trains, Dinky Toys and Meccano construction kits) had joined a group which in 1951 acquired a company called Rovex Plastics. Rovex, formed in 1946, became the originators of the present Hornby Railways.

The first products of Rovex were high quality plastic toys made exclusively for Marks and Spencer. All the products sold well, and the company accepted Marks and Spencer's suggestion to produce a battery operated electric train set. The company's first large factory was an old brewery at Richmond on the Thames, next to the British Legion poppy factory.

The next development at Lines was the launch of the Tri-ang Railways system in 1952. This proved a big success and because of increased demand the company started looking for an alternative factory site. The specification was that it should be within a hundred miles of London and have a good supply of labour. Production started at Margate in June 1954.

Trevor Humphries

Mr Karl Mueller, managing director of Hornby with some of his products

By 1965 there was a severe recession in model railway manufacture and this led to Lines to amalgamate the Hornby Dublo system and Triang Railways. By the middle of 1971 things were not going at all well in the toy and model market generally, and for Lines Bros in particular. Despite a revamped board and major rationalisation moves (involving the closure of eight of Lines' 24 factories) losses mounted at the Lines group, reaching £4.6m in 1970.

Gallaher, the U.S. controlled tobacco and foods group, came up with a £5m rescue plan for Lines but pulled out when Lines sales started to fall in the summer of 1971. Lines was then put into voluntary liquidation owing more than £17.5m and the future of Hornby was once again back in the melting pot.

Dunbee-Combex-Marx and General Mills, the U.S. group, both expressed interest in trying to rescue the business but this came to nothing. Lines was then sold off piecemeal. John Bentley's Barclay Securities bought Tri-ang Pedigree (tricycles and prams); the Meccano construction kits and Dinky toys went to Airfix Industries; and lastly in January 1972 DCM pipped Lesney to the post in acquiring Rovex-Tri-ang.

Rovex and subsequent U.S. acquisitions turned DCM into Europe's largest toy group. Profits grew to a peak of £6.43m in 1977 but by the end of 1978 problems began to emerge in the U.S. and big losses there cut 1978 profits to £1.3m. From then on losses began to mount—and despite efforts by DCM to extricate itself from the U.S., the company went into receivership in February 1980.

There was no shortage of interest in picking up the pieces of DCM. Mr Richard Beecham, a former joint managing director of the DCM group, was successful in acquiring a large part of his old company including Pedigree Dolls and Toys.

When DCM collapsed Mr Mueller, an economics graduate who joined the Hornby company in 1973 as sales and marketing director, lost no time in trying to find City backing to buy the company from the receiver. But his task was not easy. According to Mr Mueller he knocked on every door in the City but "Hornby was regarded as a company with leprosy" and hopes at Margate fell as fears grew of a foreign owner who would transfer production abroad.

It was suggested to Mr Mueller that a stockbroker be used to try to find financial backing. Earnshaw Haes found a backer, a major City institution, but just as it was on the verge of agreeing to put up the money it mysteriously pulled out.

Keen interest in buying the company had come from Hong Kong and potential UK buyers included Mr Richard Beecham. But Earnshaw Haes tried again and were successful in putting together with Guidehouse, a financial advisory group and issuing house, a consortium led by Citibank and Electra Investment Trust. With this backing the management of Hornby bought out the company from the receiver for in excess of £5m in June this year.

Under the buy-out scheme the three members of the management team each have a 5 per cent stake in the company with a further 5 per cent available for the employees. The rest of the shares are in the hands of the consortium. Shares will be sold to employees at £1 each compared with around £10 paid by the directors.

Hornby is now independent for the first time since the days of Frank Hornby but Mr Mueller says that it will take a couple of years before the last vestiges of receivership are thrown off.

Hornby is a small company with a large and complicated manufacturing operation. In a fully integrated factory, the company produces 8,000 different parts which go into 450 finished products. These are completed in 220 working days and are sent out to 2,500 retailers.

Earlier this year the company was forecasting profits of well over £1m before tax. In the event, Mr Mueller said that profits had not quite been up to expectations in a tough year. At the peak in 1977 Hornby made profits of around £4m and had some 80 per cent of the model train market. This share fell to 56 per cent in 1979 but is now back up to 65 per cent.

The company sees little scope for growth in the UK and is now directing its efforts to exports markets. Overseas sales are very small at present, mainly because trains account for 55 per cent of the business and cars for the rest. According to Mr Mueller, "railways are a very particular UK idiosyncrasy. The marketing dictum is very simple, we can sell Hornby railways wherever they play cricket and have money." In the past this has mainly restricted the export market for trains to Australia and New Zealand.

The company has recently started selling Hornby trains to the Irish Republic on a direct selling basis and is already doing well. The company's next step is to break into Continental Europe with its Scalextric racing car sets.

France has been selected as the spearhead area and Mr Mueller is confident that exports will start flowing next year. Negotiations are now taking place.

The group is placing a lot of store by its new Zero One electronic control system. Using a microchip, this enables one train to move while others stand still on the same track. The group has also perfected the model Advanced Passenger Train after an investment of £250,000. Hornby's High Speed Train models are selling well and it expects a boost for the APT model once British Rail get their problems sorted out and the train running. "We have solved the problem of the tilting mechanism, but of course ours do not carry passengers," says Mr Mueller.

For the future, Hornby is planning what it describes as a big surprise to be unveiled at a British Rail Travelex exhibition at Marylebone Station on January 6.

This project, which has been developed in great secrecy is described by Mr Mueller as a "completely new system which will have international appeal." If it comes off, Hornby may at last be settled on a secure course after its years of trauma.

$1.2bn FINANCIAL SERVICES MOVE

Baldwin acquires credit insurer

BY DAVID LASCELLES IN NEW YORK

BALDWIN UNITED, the company which started off as the maker of one of the best-known names in American pianos, added to its growing involvement in the financial services business yesterday by announcing a takeover of MGIC Investment Corporation, a Wisconsin-based credit insurance company.

The deal will have a value of about $1.2bn, and has been agreed to by MGIC. Baldwin's offer is $52 for each MGIC share. The shares have been trading at around $43 recently.

MGIC insures lenders against loss on mortgages, consumer loans, leases and certain types of bonds. It also has a large real estate investment business. Last year it made a net profit of $82m.

Baldwin United was formed in 1978 by the merger of Baldwin Pianos and United Corporation, an investment company. It is involved in insurance, mortgage banking and savings and loans, as well as financial services like leasing and trading stamps. Last year it had revenues of just under $1bn and profits of $54m.

The company is a frequently cited example of the new financial conglomerates that are making the most of their freedom from regulation by the banking authorities to build up large financial businesses. Although its strategy has been widely praised, it has also drawn the anger and envy of bankers who feel they too should be allowed to diversify into new types of financial services.

Baldwin United last year specifically divested itself of what little direct banking business it had.

Marginal rise for Amfas at nine months

BY CHARLES BATCHELOR IN AMSTERDAM

WITH A POOR performance by its property and mortgage activities, Amfas, the Dutch insurance group, managed only a small increase in profits for the first three-quarters of 1981, but it has repeated its forecast that profit for the full year will not be lower than the Fl 42.1m ($17m) net of 1980.

Net profits for the nine months rose by 4 per cent to Fl 35.2m on turnover up 8 per cent to Fl 1.26bn ($503m). Gross profits were nearly 5 per cent higher at Fl 63m.

Gross profits on life assurance business rose by 44 per cent to Fl 59m on premium income only 0.6 per cent higher at Fl 358m. Fewer new insurance contracts were signed while the number of cancellations increased.

Profits on non-life business fell by 9 per cent to Fl 14.4m on premium income which was 8 per cent higher at Fl 383m. A satisfactory number of new contracts were signed, although the number and cost of claims in some sectors rose.

Amfas made a Fl 10.4m loss on non-insurance activities compared with a Fl 3.1m profit last year. Investment revenue rose by 14 per cent to Fl 334m, while revenue from other activities advanced by 13 per cent to Fl 140m.

The company's investment portfolio was spared major losses, although provisions for investment risks have been increased. The depressed state of the property and mortgage markets adversely affected non-insurance business and additional provisions were also made. Equity capital and reserves grew by 4 per cent to Fl 532m

● Wessanen, the Dutch foodstuffs group, will hold its interim dividend at Fl 1.60 per Fl 20 share despite net profit doubling to Fl 10.3m in the first half of 1981. Last year the company paid a final dividend of Fl 3.

French bank raises holding in Slavenburg's

By Our Amsterdam Correspondent

CREDIT LYONNAIS has increased its stake in the Dutch Slavenburg's Bank to 78 per cent by taking up its entire Fl 160m ($65m) rights issue. It initially took a 50 per cent stake in March. Slavenburg's offered five new Fl 100 nominal shares at par for every four held. The issue more than doubles Slavenburg's share capital to Fl 288m.

Credit Lyonnais has agreed to preserve the Dutch character of Slavenburg's.

FTC files on Mobil

The Federal Trade Commission has asked the U.S. District Court in Cleveland to issue a temporary restraining order and a preliminary injunction against Mobil's proposed $6.5m acquisition of Marathon Oil, Reuter reports from Washington. The FTC also asked the court to maintain the status quo during an FTC Administrative proceeding on the acquisition, unless a proposal is submitted for the immediate divestiture of Marathon's storage, transportation and marketing assets so the divested entity can maintain viable competition in relevant markets.

Siemens lifts stake in venture with Allis

By Kevin Done in Frankfurt

SIEMENS of West Germany, the world's fifth largest electrical and electronics group, is spending $75m to increase its share in the U.S. joint venture, Siemens-Allis, to 85 per cent. At present it holds 50 per cent in the company, which was set up at the beginning of 1978 with Allis Chalmers, the U.S. industrial and agricultural equipment manufacturer.

Siemens-Allis, which made after-tax profits of $14m on turnover of $400m in the financial year ended September, is based in Atlanta and manufactures a range of power engineering products, including electric motors and generators, switch-gear and power electronics and control systems.

The company was established from the former electrical products division of Allis-Chalmers and Siemens paid about DM 100m ($44m) for its original 50 per cent interest. Allis-Chalmers has been using Siemens licensed technology since the beginning of the 1970s.

The company has proved one of the most successful of Siemens' ventures into the U.S., where the group has consolidated sales of around DM 1.7bn and a workforce of 10,000. Siemens activities are concentrated in medical engineering, telecommunications and electronic components.

In addition to these consolidated operations and Siemens-Allis, Siemens has two major 50/50 partnerships in the U.S.—General Numeric, joint venture with Fujitsu Fanuc for making numerical controls for machine tools, and Siecor, a joint venture with Corning Glass for making optical glass-fibre cables.

Siemens-Allis has a workforce of around 5,000. The transfer of the additional 35 per cent of the company's equity to Siemens will take effect from the beginning of January. The company sells not only in the U.S., but also in Canada and some Latin American markets, which have U.S. industrial standards.

Siemens has expanded quickly in the U.S. in the past couple of years and in the financial year 1979-80 (to September 30, 1980) Siemens more than tripled the amount spent on acquiring financial shareholdings in U.S. companies — to DM 203m from DM 60m in the previous year. Capital investment in North America in 1979-80 totalled DM 269m compared with DM 132m in the previous year.

Allis-Chalmers said yesterday that it intended to remain an active partner in Siemens-Allis, despite its holding being reduced to 15 per cent. The funds made available by the sale would be directed towards increased research and development spending for manufacturing turbines and machinery for the coal, gas and hydro-power sectors. In 1980 Allis-Chalmers had a turnover of $2.1bn and a workforce of about 29,000.

Overall, Siemens is suffering from a sharp fall in the profitability of several of its major activities worldwide, particularly in components and data processing. It announced last month that it aimed to cut its 338,000-strong workforce by up to 24,000 by the end of next year. In October it said it was closing components plants in the U.S. and Mauritius.

G and W pulls out of Canada operation

By Our Financial Staff

GULF AND Western Industries has sold its one-third interest in Qit-Fer et Titane, the Canadian mining and smelting company, for a pretax gain of $11.8m. The buyer has not yet been identified. Standard Oil (Ohio)'s Kennecott subsidiary owns the other two-thirds of the venture.

Gulf and Western earlier reported earnings for the first quarter ended October 31 of $78.3m or $1.02 a share, up from $76.6m or $1.00 a share for the same period last year. Revenues rose from $1.31bn to $1.38bn.

The latest earnings include gains of $17.7m, pre-tax, from the saleof investments, including Qit-Fer et Titane, against $12.1m last year, and also a pre-tax loss of $6.5m from currency translations, against a gain of $4.8m previously.

The group said earnings of its leisure time and manufacturing groups rose, but profits of its five other groups fell. Paramount Pictures contributed substantial first quarter revenues from the syndication of the television series "Laverne and Shirley" in the U.S. market and from the box office success of the film "Raiders of the Lost Ark."

Leisure time results as a whole were strong and manufacturing results were up substantially, mostly due to improvement in certain automotive product lines and strength in energy products.

Ericsson returns with $40m bond placement

BY ALAN FRIEDMAN

L. M. ERICSSON, the Swedish telecommunications company which withdrew its $40m public offer of 14½-year bonds in late September, is back in the Eurodollar bond market with the same offer, this time as a private placement.

The bonds will carry a 9½ per cent coupon and a maturity of 15 years. The conversion premium is 5 per cent. Managers of the issue, as before, are S. G. Warburg, Svenska Handelsbanken and Skandinaviska Enskilda Banken.

The new Ericsson issue is being placed with institutions and the selling period will run through Thursday. Given the sorry state of yesterday's Eurodollar sector this is a surprising time to re-launch an issue which was once withdrawn but the issue is now private, not public.

Prices of fixed-interest Eurodollar bonds were marked down by nearly a point yesterday and dealing was mostly among professionals. Retail buyers once again stayed away, partly because of the rise in short-term interest rates and partly because of the Christmas season.

The six-month Eurodollar deposit rate edged up slightly to close at 14⅞ per cent last night, against Friday's 14¾ per cent.

Salinas Y Rocha, a Mexican retail group, is offering $25m of seven-year floating rate paper through Merrill Lynch and Citicorp. The minimum coupon is 8 per cent and the spread above London inter-bank offered rate is ¾ per cent.

In the secondary market, recent issues such as Imasco and Cummins Engine continued to trade in the low 90s. The recent JVC paper stood at 95½ bid, while Mitsubishi paper was quoted at 95 to 96 bid.

Foreign bond prices in Frankfurt closed ⅜ down, following the news of the Polish crisis and the large increase in U.S. money supply figures on Friday.

In Switzerland, prices were down around ¼ point on the back of investor nervousness over Poland. As expected, a SwFr 100m 10-year issue materialised for NYK Lines, the Japanese shipping group. Credit Suisse is managing the issue and the coupon has not been set yet.

Electricite de France's SwFr 100m issue was priced at 99½ with a coupon of 7 per cent last night through Swiss Bank Corporation.

● Mr Andre Coussement, an executive director of Kredietbank Luxembourgeoise and one of the founding fathers of the Eurobond market, died yesterday in a car accident on the road from Brussels to Luxembourg.

Mr Eric de Keuleneer, the bank's director of Eurobond sales, was also seriously injured in the accident, the bank said yesterday.

Uruguay to raise $100m for hydro-electric project

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

URUGUAY has awarded a hotly contested loan mandate to raise $100m for the Salto Grande hydro-electric project to Lloyds Bank International and Arlabank.

The credit, which is guaranteed by the central bank of Uruguay, is divided into two tranches, both of which have an initial margin over London interbank offered rate of ¾ per cent for the first six years, rising to ⅞ per cent cent thereafter.

But one tranche of $30m will be kept by the lead managers and has a life of 10 years, while the other which will be sold in the market has a life of only eight years. Grace periods are five and four years respectively.

News of the mandate has been keenly awaited in the Euromarkets for several weeks because Uruguayan credits are relatively rare and offer banks an attractive opportunity to diversify their Latin American portfolios.

Some banks competing for the credit are thought to have offered Uruguay a margin as low as ⅝ per cent throughout, which would be less than the spreads now agreed.

It is understood, however, that these offers had a higher fee element than the winning bid from LBI and Arlabank, which declined yesterday to disclose the fee structure of the credit.

Euratom plans Y20bn bond

By Charles Smith in Tokyo

EURATOM, the European Communities' atomic energy agency, is to issue a Y20bn bond in the Tokyo capital market next year. It will be the first bond issue to be floated by an EEC institution in the Tokyo market, although the European Coal and Steel Community once issued a half-yen and half-dollar denominated bond in Luxembourg.

The decision to borrow yen in Tokyo reflects the desire of the EC's financial authorities to diversify their fund sources. More yen bond issues by both Euratom and ECSC are to be expected, according to the EC's Tokyo office.

The Euratom bond will be underwritten by Nomura Securities.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday January 12. *Closing prices on December 14*

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16⅞ 88	100	100¾	101¼	−0⅛	−1⅞	16.22
APS Fin. Co. 17⅛ 86	60	101¾	102¼	−1⅛	−2½	16.56
Armco O/S Fin. 15⅜ 86	50	98⅞	99⅜	−0⅜	−1¼	15.63
Bank Montreal 16¼ 91	150	100¼	100⅝	—	—	15.16
Br. Colum. Hyd. 16⅜ 88	100	102	102½	−0½	−2⅛	15.56
Br. Colum. Mfs. 17 97	54	102¾	103¼	−0⅝	−1⅞	16.43
Can. Nat. Rail 14⅝ 91	100	95⅞	96⅜	−0½	−1⅞	15.40
Caterpillar Fin. 16½ 86	100	102	102½	−0⅝	−1½	15.77
CFMP 16¾ 96	100	102¼	102¾	−0⅛	−1¼	16.28
CIBC 16⅜ 91	100	103	103½	−0⅝	−2	16.04
Citicorp O/S 16¾ 85	150	103⅞	104⅜	−0¼	−1⅜	15.43
Cities Service 17 88	150	103	103½	−0⅜	−2¾	16.12
Con. Illinois 14⅜ 84	100	98⅝	99⅛	−0⅝	−1⅞	15.19
Cons.-Bathurst 17½ 88	60	102	102½	−0⅝	−1⅜	16.60
CPC Fin. 16⅜ 86	50	103¾	104¼	−0⅝	−1¼	15.43
Dupont O/S 14½ 88	400	97⅞	98⅜	−0⅝	−1½	14.94
EIB 16½ 88	100	102⅛	102⅝	−0½	−1½	15.85
EIB 16⅝ 91	150	103⅜	103⅞	−0⅞	−1⅝	16.00
GMAC O/S Fin. 15½ 84	300	100½	101	−0⅝	−2¼	16.10
Gulf States O/S 17½ 88	60	103½	104¼	−0⅝	−2⅛	16.43
IBM Wld. Trade 14¾ 85	60	101⅝	102⅛	0	−1⅛	13.97
Nat. Bk. Canada 16½ 88	40	99½	100	−0⅝	−1¼	17.24
New Brunswick 17 88	60	104	104½	−1	−1⅛	15.88
Newfoundland 17¼ 89	60	105⅝	106⅛	−0½	−1¼	15.84
New. & Lab. Hy. 17½ 89	75	103	103½	−0⅝	−1⅞	16.47
Ohio Edison Fin. 17½ 88	75	101⅜	101⅞	−1	−1⅝	17.03
OKG 15¾ 97	50	97¾	98¼	−0⅝	−1⅛	16.12
Ontario Hyd. 16 91 (N)	200	*100⅞	101⅜	—	—	15.75
Pacific Gas Elec. 16 88	75	100⅞	101⅜	−0¼	−2⅛	15.65
PSNH Int. Fin. 17 86	30	101¾	102¼	−0⅜	−1½	16.27
Quebec Hydro. 17¼ 91	150	105	105½	−0⅝	−2	16.11
Quebec Province 15¾ 89	150	*96⅞	97⅛	—	—	15.97
Saskatchewan 16¼ 88	100	100⅝	101⅛	−0½	−1⅛	15.98
Shell Canada 15⅜ 91	100	103⅛	103⅝	−0⅝	−1⅜	15.03
Sweden 14½ 88	150	*97	97½	—	—	15.16
Swed. Ex. Cred. 16½ 93	75	100⅞	101⅜	−0⅜	−1⅜	16.27
Tenneco Int. 17 89	100	104⅛	104⅝	−0⅛	−1⅝	15.91
Transcanada 17⅜ 88	75	104⅜	104⅞	−0⅞	−1⅞	16.50
Transcanada 16 89	100	98¼	98¾	−0⅝	−1¼	16.34
Walt Disney 15¼ 86	100	101½	102	−0⅛	−1½	15.13
Winnipeg 17 86	50	103¾	104¼	−0¼	−2¼	16.71
World Bank 16 86	210	101⅛	101⅝	−0⅜	−1½	15.42
World Bank 16 88	80	101⅛	101⅝	−0⅜	−1⅜	15.57
World Bank 16⅛ 86	130	102¾	103¼	−0⅛	−1⅜	15.61
World Bank 16½ 88	100	102⅝	103⅛	−0⅜	−1⅜	16.73

Average price changes... On day −0½ on week −1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅝	100⅛	−0¼	−0½	10.03
Asian Dev. Bank 10¾ 89	100	101¼	102	−0½	−0⅞	10.42
Austria Rep. of 8¼ 92	150	92⅛	92⅞	−0⅞	0	9.38
Belgelectric 11 91	100	†101	101½	−0½	−1	10.77
CECA 10 91	120	†101¼	102¼	−0¾	−0⅝	9.69
Council of Europe 10 91	100	100¼	100⅞	0	−0½	9.90
Cncl. of Europe 10¼ 91	100	100⅝	101⅛	0	−0¼	10.12
EIB 8½ 90	250	94⅛	94⅞	+0⅜	−0⅜	9.44
EIB 10½ 91	200	†102¼	103½	−0½	−0⅞	10.03
ESCOM 9⅜ 87	100	95⅜	95⅞	−0⅞	−0¼	10.30
Finland, Rep. of 10 89	100	99⅝	100⅛	−0¼	−1	10.03
Ind. Bk. Finland 8½ 90	50	†91½	92½	0	−0½	9.89
Int-Am. Dv. Bk. 10 91	100	†100	101	0	−0¼	9.90
Japan Air Lines 8½ 87	100	95½	96¼	−0½	−0¼	9.05
Japan Dev. Bk. 7⅝ 87	100	92⅞	93⅜	−0½	0	9.18
Midland Int. Fin. 8½ 90	120	93¼	94	−0⅜	−1⅜	9.59
Mt. Bk. Dnmk. 10½ 91	100	99⅝	100⅛	−0⅛	−0⅞	10.51
Nat. West. 11 91	125	104⅛	104⅞	−0⅜	−0⅜	10.24
OKB 10¼ 91	150	100⅜	100⅞	−0⅜	−1½	10.01
Renault Accept. 10⅜ 86	150	100¼	101	+0⅛	−0⅝	10.53
Swed. Ex. Cred. 10⅜ 91	100	99	99½	−0½	−1⅜	10.37
Venezuela, R. of 9⅜ 90	150	94⅛	94⅞	−0⅝	−0¼	10.73
World Bank 11 91	100	103⅞	104⅜	−0⅛	−0⅜	10.29

Average price changes .. On day −0⅜ on week −0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	94	95	−0⅝	−1¼	7.32
Asian Dev. Bank 9 90	80	†101¾	102	−1⅛	−1⅜	7.70
BFCE 6½ 91	100	96¼	96½	0	+1⅝	7.04
Belgelectric Fin. 7¼ 91	100	102	102⅛	−0¼	−0½	7.42
Bell Canada 7¼ 93	100	103⅜	103⅝	−0⅞	−1¼	6.81
Bergen, City of 6¾ 91	40	99⅞	100⅛	−0⅜	0	6.74
Bet. de Autopistas 8 90	50	100	100⅛	−0⅞	−0⅞	7.98
CECA 6¾ 91	80	99⅛	99⅜	−0⅜	+0⅛	6.85
Dome Petroleum 5¾ 91	100	93¼	94¼	−0⅞	−1⅛	6.64
Dome Petroleum 7¼ 90	100	†102¼	102¾	−1⅛	−0⅞	6.85
Franc. Petroles 6½ 91	80	†95	95½	−0½	−0¼	7.21
Genstar 7 91	100	101½	101¾	−0⅝	−1	6.75
Int. Amer. Dv. Bk. 7 91	100	†98½	99	−0⅛	+0⅛	7.18
I/S Elsam 8½ 91	60	104	104½	−0⅛	−0⅝	7.88
Japan Air Lines 7¼ 91	100	102⅜	102⅞	−1⅛	−1½	6.88
Neder. Gasunie 8 91	100	†104½	105	−1⅛	−2⅛	7.30
OKB 7 93	100	100	100¼	0	−0⅝	6.98
OKB 7¼ 91	100	100	100¼	−0½	−1	7.23
Oslo, City of 8 91	100	104¼	105	−0⅜	−1¼	7.29
Saint Etienne 8½ 91	20	103½	103¾	−0⅝	−0⅝	7.96
Swed. Ex. Credit 7¼ 91	75	97	97½	−0⅞	−1	7.66
TNT O/S Fin. 8 91	60	103¾	104	−0½	−1	7.43
Unilever NV 7½ 93	100	104⅞	105⅛	−0½	−0⅝	6.88
World Bank 6 91	100	93¼	93½	−0⅝	+0⅛	7.00
World Bank 7 90	100	100	100¼	−1	−1	6.97
World Bank 8 91	100	104¾	105	−0½	−1⅜	7.32

Average price changes... On day −0⅝ on week −0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	99⅝	100⅛	+0⅛	0	8.28
Australia 6½ 88	20	80⅞	81⅞	0	+1⅞	8.31
EIB 7¾ 89	12	98	99	+0¼	+0⅜	8.01
Finland, Rep. of 8⅛ 87	15	99	100	+0⅛	0	8.47
Int.-Amer. Dev. 8⅞ 91	15	101¼	102½	+0½	+0⅛	8.68
New Zealand 8⅛ 87	15	99⅞	100⅞	−0⅛	+0¼	8.27

Average price changes .. On day +0⅛ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†97¼	98¼	—	—	17.38
Federal Dev. 17¼ 86 C$	40	†105	106	−0½	−1	16.00
GMAC (Can) 18 87 C$	50	†102½	103½	−1	−1½	17.09
Pancanadian 16½ 88 C$	65	†98	98½	—	—	16.94
Queb. Urban 16¾ 86 C$	20	†100½	101½	—	—	16.44
Roynat 17¼ 86 C$	40	†100⅛	100⅝	—	—	17.09
Tordom Cpn. 13½ 85 C$	30	†93½	94½	−0½	−2½	15.81
M. Bk. Dnmk. 9 91 EUA	25	*80¼	83	+0½	+0⅛	12.25
SOFTE 8¼ 89 EUA	40	†79	80	+0⅛	+0⅞	12.69
U. Bk. Nwy. 9½ 90 EUA	18	†91	92	+2	+1⅜	11.11
Algemene Bk. 10¼ 86 Fl	60	97⅜	97⅞	−0⅛	−0⅛	10.96
Amfas Group 12⅞ 86 Fl	40	101	101½	−0⅜	+0⅛	11.89
Amro Bank 12 86 Fl	75	101½	102	−0⅛	−0⅛	11.44
Amro Bank 12 85 Fl	60	100⅝	101⅛	−0⅞	−0⅛	11.70
Heineken NV 10 87 Fl	100	95½	96	0	−0½	11.03
Pierson 10⅛ 86 Fl	50	97	97½	0	+1	11.07
Rabobank 12 86 Fl	50	100⅝	101⅛	−0½	−0⅛	11.65
Air France 14½ 86 FFr	200	92⅜	93⅜	+0½	+0⅛	16.77
Bk. America 14½ 86 FFr	250	93⅜	94⅜	0	+0⅛	16.48
Charb'nages 13⅞ 85 FFr	400	92⅜	93¼	+0¼	+0⅞	16.53
EIB 14½ 88 FFr	300	89⅜	90⅜	+0⅛	+0½	16.98
La Redoute 14⅜ 85 FFr	125	91⅞	92¾	+0¼	+0⅜	17.43
OKB 14 86 FFr	400	91½	92½	−0⅛	0	16.76
Solvay et C. 14¾ 86 FFr	200	92⅛	93⅛	+0⅛	+0⅛	17.28
Swed. E. Cr. 14⅝ 86 FFr	250	91½	92½	+0⅛	−0⅛	17.32
U. Mex. Sts. 14 85 FFr	150	91⅝	92⅝	+0⅛	+0⅛	17.19
Acona 14 85 £	20	91½	92½	+0⅛	−0⅛	16.92
Beneficial 14⅞ 90 £	20	84⅞	85⅞	+0⅛	0	17.64
BNP 13¾ 91 £	15	85⅛	86⅛	−0⅛	−0⅛	16.63
CECA 13½ 88 £	20	89⅞	90⅞	+0⅛	−0⅜	15.87
Citicorp O/S 13½ 90 £	50	88⅜	89¼	−0⅛	−2⅜	16.05
Fin. Ex. Cred. 13¼ 86 £	15	91⅜	92⅜	0	−0⅞	16.32
Gen. Elec. Co. 12¼ 89 £	50	87⅜	88⅜	0	−0⅛	15.34
Hiram Walker 14⅛ 86 £	25	93⅞	94⅞	−0⅛	−0⅛	16.16
Privatbanken 14½ 88 £	12	92⅛	93⅛	+0⅛	−0⅛	16.25
J. Rothschild 14⅛ 90 £	12	94	95	0	−0½	15.39
Royal Trustco 14 86 £	12	94⅛	95⅛	+0⅛	0	15.78
Swed. Ex. Cr. 13⅜ 86 £	20	90⅜	91⅜	−2⅜	−2⅜	16.72
Akzo 9¼ 87 LuxFr	500	85⅞	86⅞	−0⅛	−0⅛	12.66
Euratom 9⅜ 88 LuxFr	500	85	86	−1	−1⅜	13.38
Eurofima 10½ 87 LuxFr	500	88⅞	89⅞	−0⅛	−0⅛	13.20
EIB 9⅜ 88 LuxFr	600	85⅜	86⅜	−0⅛	−0⅛	13.14
Volvo 9⅜ 87 LuxFr	500	85⅞	86⅞	−1	+0⅛	13.19

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/12	16¾	16.79
Bank of Montreal 5¼ 91	0⅛	99⅛	99⅞	29/4	17.06	17.15
Bank of Tokyo 5¼ 91	0⅛	98⅜	98⅝	10/6	13⅛	13.47
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100⅛	29/4	17.06	17.03
BBL Int. 5 86	0⅛	99⅛	99⅝	20/5	13½	13.58
BFCE 5¼ 88	0⅛	99⅝	100⅛	26/4	16.94	16.96
Christiania Bk. 5½ 91	‡0⅛	98⅝	99⅛	5/2	15.56	15.74
Co-Ban Eurofin 5½ 91	0⅛	98⅜	98⅞	14/4	16.69	16.92
Den Norske Cred. 5½ 93	0¼	97½	98	4/12	13.56	13.87
Genfinance 5¼ 87	0¼	100	100⅛	30/4	17.06	17.04
Genfinance 5¼ 92	0⅛	99⅜	99⅞	30/12	18.31	18.36
Giro und Bank 5¼ 91	‡0⅛	99	99½	23/12	17½	17.63
GZB 5¼ 92	‡0⅛	98⅛	98⅝	5/3	13½	13.34
Ind. Bank Japan 5¼ 88	0⅛	98⅜	98⅞	9/5	13.31	13.50
Lloyds Eurofin 5¼ 93	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5½ 89	0⅛	99⅛	99⅝	16/1	18.32	18.41
Midland Int. Fin. 9 91	0⅛	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88	0¼	98	98½	26/3	17.31	17.62
Nat. Bk. Canada 5¼ 88	0⅛	99½	100	24/3	17.31	17.36
Nat. West. Fin. 5¼ 91	§0⅛	99⅛	99⅝	15/1	18⅛	18.24
Nat. West. Fin. 5¼ 92	§0⅛	99⅝	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91	0⅛	98⅞	99⅜	6/5	15⅝	15.80
Offshore Mining 5¼ 91	0⅛	97⅞	98⅜	2/6	13	13.25
Pemex 6 91	0⅛	98	98½	8/4	17	17.30
Pemex 5¼ 88	0⅛	†99⅝	100⅛	14/2	18.81	18.84
Sanwa Int. Fin. 5¼ 88	0⅛	99	99½	24/3	17¼	17.38
Sec. Pacific 5¼ 91	0⅛	98⅜	99⅜	24/5	13⅛	13.40
Societe Generale 5¼ 91	0⅛	99⅛	99⅝	22/1	18⅝	18.74
Sparebanken 6 87	0⅛	98⅜	98⅞	19/12	16.81	17.05
Standard Chart. 5¼ 91	0⅛	98⅜	98⅞	16/5	13.31	13.53
Sumitomo Fin. 5½ 88	0⅛	99⅝	100⅛	6/2	19.56	19.56

Average price changes... On day +0⅛ on week −0⅝

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	94½	96	−3½	−2.95
Bow Valley Inv. 8 95	4/81	23.12	106	107	0	17.10
Canon 6¾ 95	1/81	829	107½	109½	−2½	0.95
Daiwa Secs. 5½ 96	12/81	539	†82	84	−3	1.01
Fujitsu Fanuc 4½ 96	10/81	6770	96½	98	−3½	−0.96
Furukawa Elec. 5¼ 96	7/81	300	116¼	117¼	−4¼	−5.13
Hanson O/S Fin. 9½ 96	8/81	2.74	*†87	89	−3½	−3.29
Hitachi Cred. Cpn. 5 96	7/81	1966	92¼	94¼	−4	11.18
Inchcape 8 95	2/81	4.55	†58	59½	−1	24.36
Kawasaki 5¼ 96	9/81	229	80½	82	−0⅛	−0.22
Marui 6 96	7/81	931	102½	104	−1	−3.99
Matsushita El. 7½ 95	11/80	590	96	97½	−3	−1.79
Minolta Camera 5 96	10/81	909	†74½	75½	−1⅛	7.27
Murata 5¼ 96	7/81	2190	75¼	76¼	−1⅛	14.06
NKK 6½ 96	7/81	188	96½	98	−3½	−1.95
Nippon Chemi-C. 5 91	10/81	919	†76	78	−3	−0.62
Ricoh 6⅛ 95	8/80	604	108¼	109¼	−1⅞	1.24
Sanyo Electric 5 96	10/81	652	†78½	80	−2	6.93
Sumitomo Met. 5¼ 96	10/81	305	80½	82	−2½	−0.81
Swiss Bk. Cpn. 6¼ 90	9/80	200	†78	80	−1	21.81
Taylor Woodrow 8¾ 90	1/81	4.58	†75	76	−1½	−3.72
Transco Int. 8¾ 95	2/81	68	†83	84½	+1	27.26
Tricorp 8½ 95	12/80	31.25	†76½	78	+0½	47.42
Union Bk. Switz. 5 89	2/80	70.79	†82	84	−1⅛	2.99
Sharp Cpn. 8½ 88 DM	9/80	591.8	171	172	−1⅛	−3.79
Uny Co. 6½ 85 DM	11/79	579.3	102⅛	103⅛	−0⅛	−2.29

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Montedison pushes ahead with L640bn rights issue

BY JAMES BUXTON IN ROME

THE REPEATEDLY postponed capital increae for Montedison, Italy's biggest chemical concern, went ahead yesterday. The L640bn ($533m) increase is the largest in Italian history.

Despite the increasing number of inducements which have been offered to shareholders to subscribe to the issue, the Montedison share price yesterday closed at L160, L15 below its nominal value, on the Milan Bourse. The price has fallen 13 per cent in the last two trading sessions.

The company badly needs the new funds, which will take its capital up from L356bn to L996bn, in order to reduce the burden of financial charges. It is in the course of a continuing restructuring programme aimed at reducing dependence on basic chemicals. Earlier this year the Government gave up its 17 per cent stake and control reverted to the private sector.

Montedison reveals in its prospectus that the holding company, Montedison Spa, lost L296bn in the first half of this year, and that the group as a whole lost L267bn. These figures compare with losses by the holding company of L231bn and by the group of L448bn for the whole of last year.

The company blamed the poor state of the world chemical market for the bad performance.

The rights issue was to have been made in July, but was put off because of the collapse of the stock market. It has been postponed several more times since then.

Last week Montedison announced that Mediobanca, the leading Italian merchant bank, would make a loan at a concessionary rate of interest to small shareholders proposing to buy the Montedison rights. The loan, at 12 per cent (against a prime rate of 22.5 per cent) will cover 75 per cent of the cost for those buying between 3,000 and 50,000 shares.

Subscribers to the Montedison rights will get a privileged chance to purchase shares in Selm, a Montedison subsidiary which produces electricity from hydro-electric plants and which is therefore highly profitable.

Existing Montedison shareholders will also get a free distribution of rights to subscribe at a large discount to shares in Farmitalia Carlo Erba, the flourishing Montedison pharmaceuticals subsidiary. Montedison's share in the subsidiary will drop from 89 to 70 per cent.

Montedison has paid a dividend only once in the past 11 years and has twice written down its capital because of losses. However, the company has been progressively reformed in the past few years and early this year laid off about 8,000 men.

U.S. loss puts Skis Rossignol into red

By David White in Paris

SKIS ROSSIGNOL, the French sports goods manufacturer once regarded as a financial high-flier, has forecast a loss for its current financial year—the first time since its shares were quoted on the Paris stock exchange 10 years ago.

The company said in an interim report that its good competitive position in the ski market and its efforts to cut costs were not enough to stop it from going into the red in the year ending next March. But it was optimistic about prospects for a recovery in 1982-83.

In its last financial year, the group stayed just in the black with a sharply reduced net profit of FFr 160,000 ($28,000). In the first half of its current year, consolidated earnings before tax and provisions were cut from FFr 33.3m to FFr 25.2m.

Sales of FFr 472m in the first six months were more than 20 per cent up on a comparable basis, but growth for the year was expected to remain slack, with the final turnover figure forecast at FFr 900m, against FFr 855m.

The company described its current year's results as "very disappointing." It blamed the overall loss primarily on a larger than expected deficit at its U.S. subsidiary, similarly poor performances in Italy and Austria, overcapacity in France and heavy financial charges.

On the other hand it claimed to have reinforced its market position in skis, tennis rackets and other articles. It said its U.S. operation should break even next year and that profits for the group as a whole should improve following recent cuts in the workforce.

Perstorp forecasts improvement

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

PERSTORP, the Swedish special chemicals and plastics group with substantial interests in the UK, the U.S. and Brazil, expects to raise earnings in 1981-1982, *although Mr Karl-Edik* Sahlberg, the managing director, expresses concern about economic conditions in Brazil and the U.S. in the annual report for 1980-81.

In the year ended August 31 Perstorp suffered a 23 per cent decline in pre-tax profit to SKr 83.6m ($15.2m) on sales which were 7.6 per cent ahead at SKr 1.7bn. The board, however, has recommended a 20 per cent increase in the dividend to SKr 5 a share, giving shareholders an average annual increase of more than 14 per cent over the past five years.

Mr Sahlberg describes the 1980-81 result as "acceptable," given the weak business climate on several of Perstorp's main markets. The group reached the *bottom of the business downturn* with a higher profit level than in the previous recession in the early 1970s, he says.

The return on assets was 10 per cent and the return on equity 9 per cent compared with the 13 per cent on both ratios that the group had averaged between the recessions. At the end of the financial year share capital and untaxed reserves amounted to 49 per cent of the balance sheet.

The devaluation of the krona in September is expected to boost earnings in the current financial year. The parent company should increase its export income while the loss on its foreign borrowing should be fully offset by the appreciation of the foreign assets.

Stronger demand towards the end of 1980-81 enabled the chemicals division to raise its operating profit from SKr 91m to SKr 102m on a turnover of SKr 811m, ahead by SKr 152m. Further profit growth is expected.

The *components division*, which specialises in laminates and other floor and wall coverings, saw a 1979-80 operating profit of SKr 20m turn into a loss of SKr 4m on a SKr 546m turnover. The setback is attributed to the general weakness of the building industry.

Mondi Paper to acquire Huletts arm for R32m

BY JIM JONES IN JOHANNESBURG

MONDI PAPER, the unquoted South African paper manufacturer which is 62.7 per cent owned by Anglo American Industrial Corporation (AMIC), intends to acquire the entire share capital of Huletts Paper, the 70 per cent owned subsidiary of Huletts Corporation, the diversified sugar group.

Huletts Paper operates two mills making corrugating materials mostly from sugar cane fibre. In the year ended March 31 it earned after-tax profits of R6.3m ($6.4m) and was expecting poorer demand in the current year.

Mondi earned R37m in 1980 and is expected to maintain that profit level this year.

Mondi has just embarked on a R520m capital expenditure programme building a 350,000 metric tonnes a year pulp mill at the Natal port of Richards Bay. In June the company acquired additional sawmilling interests in the eastern Transvaal as part of its expansion programme.

But last month its R110m bid for the 175,000 metric tonnes a year Usutu pulp facility in Swaziland was blocked by King Sobhuza who felt it was not in the Swazi national interest.

The Huletts Paper acquisition will take effect on April 1 and the R32m purchase price will be met by the issue of 32m 10 per cent redeemable preference shares of R1 each. Preference shares are redeemable in equal instalments on April 1 1987 to 1989. In addition, Huletts Paper shareholders will receive a total final dividend of R2.5m in respect of the current financial year as well as a special dividend of R3m.

Huletts Corporation is to retain the timber plantations at present managed by Huletts Paper. However, it has entered into a supply agreement with two mills being sold to Mondi. Huletts says that the sale to Mondi means it can avoid having to spend substantial amounts to modernise the pulp mills. Earnings on this additional investment, management said, would have been relatively unattractive.

Landis and Gyr worse than forecast

By John Wicks in Zurich

LANDIS AND GYR, the Swiss electrical engineering company has reported that group profits for the year ended September dropped from SwFr 58.60m to SwFr 54m ($29.5m), their lowest level since 1978. The parent company attributes the fall to foreign-currency losses of Swiss group operations and unfavourable results in Germany and the U.S.

The board has said in July that it expected profits for 1980-81 to be of the same order as those for the previous business period.

Group turnover rose by 13 per cent to SwFr 1.29bn in the past fiscal year with production increasing in value terms by 12 per cent to SwFr 1.37bn. Total costs rose by 13 per cent.

The company also announced that its subsidiary Sodeco-Saia, which manufactures telecommunications equipment and industrial components, has sold its Sembrancher works to Fein Outillage Electrique sa, also of Sembrancher.

Fein Outillage is a subsidiary of C und E Fein of Stuttgart. The manufacturer of Fein products had already begun at the plant.

Annual sales of Sodeco-Saia, from its works in Sembrancher and Murten, amounted to SwFr 132.5m ($72.4m) in 1980.

Landis and Gyr had said earlier that the increasing trend to electronics had made it difficult to keep up business at the 80-man Sembrancher works, which has been active in the electro-mechanical sector.

International joint venture in reinsurance

By Our Zurich Correspondent

AN INTERNATIONAL group of insurance companies, led by Fireman's Fund, a subsidiary of American Express, has set up San Francisco Reinsurance, with a share capital of $25m and an initial portfolio with annual premiums of $60m. The company, with offices in San Francisco, New York and Florida, plans to expand outside the U.S. It will specialise in U.S. and Far Eastern reinsurance operations.

Minority shareholders are the Baloise Insurance Company of Basle, National Insurance Company of New Zealand, Nippon Fire and Marine Insurance of Tokyo, and Victoria Feuer-Versicherungs of Duesseldorf.

Malaysian tobacco and oxygen companies ahead

BY WONG SULONG IN KUALA LUMPUR

TWO LEADING Malaysian companies, Malaysian Tobacco Company (MTC) and Malaysian Oxygen (MOX), have reported steady progress for their years ended September.

MTC, 80 per cent owned by BAT of the UK, announced a pre-tax profit of 89.6m ringgit (U.S.$40m) an improvement of 28 per cent, on a turnover up by 12.6 per cent to 590m ringgit (U.S.$265m).

The company is increasing its final dividend from 36 cents a share to 45 cents, making the year's total 62 cents, compared with 48 cents a year earlier.

MOX's pre-tax profit was 21 per cent higher at 9.6m ringgit (U.S.$4.3m) on a turnover which rose by 17 per cent to 64m ringgit (U.S.$28.6m). Because of higher depreciation and reinvestment allowances, the company reported a tax credit of nearly 500,000 ringgit.

MOX is maintaining its 10 per cent dividend, as promised in its prospectus when it went public early this year. That share issue reduced the stake of BOC of the UK to 35 per cent and of L'Air Liquide of France to 20 per cent, while increasing the Malaysian share in the equity to 45 per cent, from 35 per cent.

The company's latest results surpass its forecast of 9.1m ringgit made at the time of the share issue.

Early Wall St fall of 9.3

CONCERN ABOUT the outlook for interest rates drove Wall Street sharply and broadly lower in active early trading yesterday, with the Polish situation acting as a further depressant.

The Dow Jones Industrial Average, which declined 5.52 last Friday, had fallen 9.32 more to 877.19 by 1 pm yesterday. The NYSE All Common Index was 90 cents weaker at $71.53, while falls outpaced rises by a six-to-one ratio. Turnover amounted to 31.54m shares, against Friday's 1 pm figure of 33.99m.

Analysts attributed a good deal of the market's slide to last Friday's announcement that the closely-watched M1B U.S. money supply measure rose $4bn in the week ended December 2, a much larger-than-expected increase. The M-2 money supply for November rose a heavy $24.6bn.

The sharp money supply increase has led investors to believe that the Federal Reserve will not ease its monetary policy in the near future, thus keeping upward pressure on interest rates.

Signs of that pressure were reflected in the Key Federal Funds rate, on overnight loans between banks, which rose to a high of 12¼ per cent yesterday morning from Friday's close of 11⅞ per cent.

Losses were seen across the board, with Oil, Railroad, Technology, Drug and Motor stocks showing signficant weakness.

Analysts said nervousness about the situation in Poland, where martial law has been declared, is also holding down the market.

Phillips Petroleum was the volume leader and one of the few bright spots in the market, rising 1¼ to $45½. A Phillips spokesman said the company knew of no corporate developments that could account for the activity in the stock.

SFN was also up, by 1⅞ to $20⅛, on news that it plans to buy back up to 1m shares at $21 each.

On the actives list, Georgia-Pacific shed ¾ to $20¼, IBM ⅝ to $53⅞, Exxon ½ to $31½, General Motors ¾ to $37½, Citics Service ⅜ to $52½ and Sears ½ to $15⅞.

MGIC Investments announced an agreement to merge into *Baldwin-United for $52 a share* and promptly moved ahead 4⅞ to $47½ in heavy turnover. Baldwin lost $1 to $55⅞.

THE AMERICAN SE Market Value Index lost 4.67 to 318.34 at 1 pm. Volume 3.47m shares (3.15m).

Great Basins Petroleum rose ¼ to $4¼, however, in active trading. It plans to sell its Columbia Northlands Exploration subsidiary.

Closing prices for North America were not available for this edition.

Canada

Most shares declined yesterday morning in fairly active trading.

The Toronto Composite index was off 14.1 at 1,940.0 at noon on volume of 2.67m shares, with falls leading advances on the Exchange by 305 to 120. The *Oil and Gas index fell 48.9 to 3,742.3* and Golds 67.3 to 3,179.7.

Cominco fell 1¼ to C$52⅞, Texaco Canada 1½ to C$35⅞ and Dome Petroleum ¼ to C$14⅞.

Tokyo

With many investors holding the sidelines awaiting reaction in Western Europe and the U.S. to the political crisis in Poland, Tokyo stocks generally drifted lower in slack trading yesterday.

The Nikkei-Dow Jones Average, which slipped 39 points in Saturday's half-day session, declined 37.23 more to 7,654.17. The Tokyo SE index, down 3.06 on Saturday, was a further 1.91 lower at 563.08. Volume came to only 140m shares, compared with last Friday's 300m.

Large-capital issues, such as *Heavy Electric Machines*, Steels and Shipbuilders, and also export-orientated issues, were easier partly on concern over the yen's sharp fall against the U.S. dollar, but selling was limited.

Oils provided bright exceptions to the general downtrend, Nippon Oil climbing Y40 to Y1,320 and Teikoku Oil Y7 to Y873.

Germany

Widespread falls were recorded after moderate trading on concern over Poland, but bargain hunting allowed some issues to close above the day's worst. The Commerzbank index weakened 7.6 to 685.1.

Banks were particularly weak on worries over repayment of Polish debt. Dresdner Bank dipped DM 5 to DM 136.50, Deutsche DM 6 to DM 266.50 and Commerzbank DM 2.40 to DM 135.40.

Daimler lost DM 4.50 and Engineering concern *KHD* DM 3.50, but the higher Gold price helped Degussa to harden 80 pfennigs to DM 244.

On the Domestic Bond market, turnover was low as many operators held the sidelines amid uncertainty over events in Poland. Paper was offered rather than bid, and Public Authority Loans posted losses *reaching 50 pfennigs*. The Bundesbank intervened to brake the price falls by buying DM 43.9m of paper after DM 9.4m purchases on Friday.

Mark Eurobonds lost between 50 and 75 pfennigs in quiet trading.

Paris

Bourse prices tended to ease in quiet dealings, with the introduction of martial law in Poland depressing sentiment. The rise in the French Call Money rate to 15⁹⁄₁₆ per cent from 15¼ per cent had little immediate impact on share prices.

Australia

News of the imposition of martial law in Poland led to good gains in Gold shares, but made traders cautious elsewhere in the market. The Oil and Gas sector receded, partly on profit-taking following recent selective strength on cheering oil flow news from Coper Basin and Amadeus Basin wells. However, the Minings and Industrials groups displayed a firm bias.

After a small volume, the Australian All Ordinaries index was 2.1 easier at 602.6. The Oil and Gas index retreated 17.9 to 681.9 but Metals and Minerals hardened 1.9 to 441.5.

Among Gold Minings, Central Norseman moved up 50 cents to A$7.40, GMK 40 cents to A$5.70, Kitchener 40 cents to A$2.20, Hill 50 Gold 10 cents to 55 cents and Emperor 15 cents to A$1.50.

In the Oil and Gas sector, Santos slipped 16 cents to A$6.54, Vamgas 20 cents to A$11.20, Claremont 30 cents to A$1.40, CSR 8 cents to A$3.96, Magellan 20 cents to A$4.90 and Woodside 3 cents to A$1.37.

Hong Kong

Stock prices declined for most of yesterday in light dealings, before steadying on some late bargain hunting. The Hang Seng index retreated 36.80 to 1,376.39, while turnover totalled HK$203.66m on the four exchanges, against last Friday's HK$213.20m.

Undermining sentiment were prospects of higher U.S. interest rates, the depth of the recession in America and worries over the declaration of martial law in Poland over the weekend.

In Properties, Cheung Kong lost 80 cents to HK$21.30, Hong Kong Land 30 cents to HK$9.85 and Tai Cheung 12.5 cents to HK$4.15.

Among the Hongs, Jardine Matheson, after advancing most of last week, fell 90 cents to HK$18.50, while Hutchison shed 50 cents to HK$17.50.

Elsewhere, Carrian dipped 20 cents to HK$5.65, Far East Consortium 17.5 cents to HK$2.525, Overseas Trust Bank 30 cents to HK$5.60 and Trafalgar Housing 15 cents to HK$4.00.

Johannesburg

Gold shares improved in moderate activity in response to the Bullion price rise. Gains ranged to 250 cents in Heavyweights, as in Randfontein, R80.00, while Harties put on 200 cents to R70.50.

Indices

NEW YORK —DOW JONES

	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 4	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	886.51	892.03	888.22	881.75	886.92	892.69	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.88	59.06	59.68	59.81	60.05	60.53	65.78 (5/1)	54.93 (1/10)	—	—
Transport..	391.11	395.24	394.00	393.17	398.45	396.08	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	111.98	112.28	112.58	112.18	111.91	112.32	117.81 (5/1)	101.28 (26/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	45,850	47,020	44,610	46,140	45,720	55,040	—	—	—	—

●Day's high 897.45, low 883.37.

Ind. div. yield %	Dec. 4	Nov. 27	Nov. 20	Year ago (approx)
	6.31	6.25	6.51	5.70

STANDARD AND POORS

	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 4	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls...	139.61	140.51	140.20	139.29	139.76	140.99	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	124.93	125.71	125.48	124.82	125.19	126.26	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Dec. 9	Dec. 2	Nov. 25	Year ago (approx)
Ind. div. yield %	5.16	5.20	5.24	4.61
Ind. P/E Ratio	8.45	8.38	—	9.05
Long Gov. Bond yield	13.19	12.84	12.28	12.68

NY. S.E. ALL COMMON

Dec. 11	Dec. 10	Dec. 9	Dec. 8	1981 High	1981 Low
72.43	72.84	72.69	72.36	79.14 (6/1)	64.96 (25/9)

Rises and Falls	Dec. 11	Dec. 10	Dec. 9
Issues Traded...	1,958	1,961	1,883
Rises	561	755	684
Falls	958	737	718
Unchanged	439	469	481
New Highs	21	16	14
New Lows	13	18	19

MONTREAL

	Dec. 11	Dec. 10	Dec. 9	Dec. 8	1981 High	1981 Low
Industrials	336.85	338.50	337.66	336.64	400.56 (27/5)	310.21 (25/9)
Combined	318.48	319.77	318.86	318.41	375.28 (15/6)	295.97 (25/9)
TORONTO Composite	1,954.1	1962.2	1968.1	1,951.7	2478.6 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Mattel	913,400	12	+ ⅛
Cities Service	706,200	53⅛	+3⅝
Exxon	597,300	31¼	− ½
Mobil	593,400	25⅝	− ¾
K. Mart	563,500	15⅞	—
IBM	579,500	54⅛	− ½
Four P. System	525,200	33½	+6⅝
Pac. Gas El.	506,800	20⅝	− ⅛
Motorola	473,200	61	−4
Revlon	467,000	30½	—

	Dec. 14	Dec. 11	Dec. 10	Dec. 9	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	602.6	604.7	600.5	601.8	737.5 (6/4)	545.8 (29/10)
Metal & Minrls (1/1/80)	441.5	439.6	437.1	445.5	736.2 (7/1)	404.5 (20/11)
AUSTRIA Credit Aktien (2/1/62)	55.58	55.45	55.55	56.04	66.45 (6/1)	53.64 (13/10)
BELGIUM Belgian SE (31/12/63)	77.85	75.51	73.89	72.98	86.15 (17/2)	68.55 (16/6)
DENMARK Copenhagen SE (1/1/73)	120.85	120.69	(u)	120.17	121.11 (19/11)	95.88 (8/1)
FRANCE CAC General (28/12/81)	88.9	(u)	91.7	92.1	112.5 (17/8)	77.3 (15/6)
Ind Tendance (31/12/80)	97.8	98.6	98.8	99.2	108.5 (10/8)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	224.07	226.76	227.87	227.47	243.47 (5/7)	216.89 (8/2)
Commerzbank(Dec 1953)	685.1	692.78	693.2	690.0	748.0 (5/7)	656.4 (15/2)
HOLLAND ANP-CBS General (1970)	86.2	86.2	86.4	86.0	88.8 (20.8)	78.5 (28/8)
ANP-CBS Indust (1970)	62.4	62.9	63.2	63.2	76.4 (22/5)	61.5 (30/10)
HONG KONG Hang Seng Bank (31/7/64)	1376.39	1413.19	1412.93	1405.88	1810.20 (17/7)	1115.77 (5/10)
ITALY Banca Comm Ital (1972)	188.59	192.50	190.65	195.86	292.05 (5/6)	156.44 (24/7)
JAPAN** Dow Average (16/5/49)	7654.17	7730.88	7746.91	7746.12	8019.14 (17/8)	6956.62 (15/5)
Tokyo New SE (4/1/66)	563.08	568.05	567.97	567.85	605.92 (17/8)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	128.46	129.76	129.25	128.47	146.72 (5/8)	118.54 (6/6)
SINGAPORE Straits Times (1966)	755.57	789.91	773.98	768.76	973.26 (26/6)	615.26 (1/8)
SOUTH AFRICA Gold 1958)	(u)	—	601.4	606.5	787.6 (7/1)	475.8 (8/7)
Industrial (1958)	(u)	—	698.1	698.5	789.4 (21/10)	557.2 (5/2)
SPAIN Madrid SE (30/12/80)	(c)	125.74	123.94	124.23	146.15 (8/9)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	621.65	628.37	625.50	638.63	690.51 (19/8)	494.17 (29/1)
SWITZERLAND SwissBankCpn. (31/12/58)	261.4	263.7	265.4	261.1	304.2 (2/4)	242.9 (17/11)
WORLD Capital Intl. (1/1/70)	—	148.1	149.6	148.8	162.8 (6/1)	133.8 (29/9)

(**) Sat Dec 12: Japan Dow 7,691.40. TSE 545.99.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Bids invited for U.S. stockpile

BY NANCY DUNNE IN WASHINGTON

THE General Services Administration, which manages the U.S. strategic materials stockpile, was today expected to announce that it would open up its tin and silver auctions to foreign bidders, in the absence of objections from Congress.

Testifying before a Senate sub-committee yesterday, Mr Roy Markon, the GSA Commissioner, said that continuing to restrict the sale of U.S. Government silver to domestic buyers "tends to reduce competition and influence bidding to the detriment of the Government."

The Reagan Administration has been anxious to build up the stockpile, but the cost of acquiring all the materials now lacking is an estimated $12bn. The stockpile has an excess of $45bn worth of materials which can be sold to finance acquisitions, but sales of excess materials, like silver and tin, have been proceeding slowly.

Since the GSA silver sales began on October 14, the agency has only been able to sell 2m troy ounces out of the 10m offered. The agency has consistently refused to accept bids below the prevailing market spot level.

The GSA began selling tin daily at a fixed price off the shelf last December after bi-weekly offerings disposed of only five tons between July and October, 1980. Of the 10,000 tonnes it had hoped to sell each year, it has disposed of only 3,200 tonnes.

"Removal of the constraint (to sell tin domestically) will permit free movement of excess government material and assist us in attaining our sales objectives," Mr Markon told the committee. "There is sufficient excess tin to adequately serve the domestic market while permitting some movement into the international market place."

The GSA like to dispose of some of its excess materials in swap arrangements like the one now being negotiated with Jamaica. Although the details have yet to be decided, the Administration has said it will exchange surplus agricultural products for 400,000 long dry tonnes of bauxite, other excess materials and cash for 1.2bn tonnes.

Brazil lifts minimum coffee price

By Our Commodities Staff

THE BRAZILIAN Coffee Institute (IBC) yesterday opened registrations for January exports at a minimum price of $1.30 a lb, up from $1.20 previously. It kept the export tax at $50 per 60-kilo bag.

But dealers said the price rise, which still leaves the minimum comfortably below the ruling market price — around 140 cents a lb — had little market impact. The March futures position on the London market gained £14 to £1,121.50 a tonne but that was attributed mainly to follow-through from permissible limit gains in New York on Friday.

The IBC also announced a new system for sharing green coffee export quotas among exporters. From January 1, all registered exporters will have a basic 1,000 bags a month quota plus a "supplementary quota" based on export performance between January 1 1980 and September 30 1981 and an "additional quota" based on individual stock levels.

This replaces a system which took account only of past exporting records. Co-operatives complained that this favoured the longer-established exporting houses.

Sr Octavio Rainho, president of IBC, said he expected Brazilian coffee exports next year to be about 17m bags against about 16m this year.

General rise in metals

BY JOHN EDWARDS, COMMODITIES EDITOR

NERVOUSNESS about Poland, and the consequent rise in gold, brought a general increase in metal prices yesterday.

On the London Metal Exchange the high-grade copper cash price gained £21.5 to £873 a tonne. Other base metals followed the upward trend in gold and copper, encouraged too by the easier trend in the value of sterling against the dollar.

Lead closed £16.25 up at £367.25 a tonne, and cash tin advanced by £60 to £8,460 a tonne. Both tin and silver seemed unaffected by the prospect of increased sales from the U.S. strategic stockpile. The London bullion spot price for silver at the morning fixing was marked up by 15.6p to 467.75 an ounce. Free market platinum rose my £4.55 to £218.8 an ounce.

The rise in copper came in spite of a big jump in stocks of copper held in LME warehouses last week. Total holdings rose by 5,875 to 118,925 tonnes—the biggest single weekly increase for some time. Lead stocks also rose by 1,100 to 50,875 tonnes.

Tin stocks declined by 630 to 16,130 tonnes, although some dealers suspect this may be due to holdings being taken "off warrant" while still remaining in the warehouses. The decline certainly appears to contradict reports of the high cash price attracting an influx of supplies to Europe.

Aluminium stocks were marginally down, by 75 to 150,400 tonnes, when an increase had been predicted. It was claimed, however, this was due to a boat being delayed and would consequently mean a bigger rise later on.

Zinc stocks were also marginally lower, declining by 725 to 76,125 tonnes, and nickel holdings fell only 36 tonnes to 1,974 tonnes. LME silver holdings rose by 70,000 to 31,320,000

French farmers angry at subsidy level

BY DAVID WHITE IN PARIS

THE PROTEST movement among French farmers, angry at the size of State aid being promised them, continued to spread yesterday, and police had to tackle farmers at Saint Lo in Normandy, and at Chaumont in eastern France. Three policemen were injured when they confronted farmers who were besieging the departmental council.

The protests came after a violent clash in Strabourg on Frонday involving some 3,000 demonstrators who converged on the Alsatian capital in columns of tractors.

Demonstrations started when the Government announced details of its farm subsidy proposals last Tuesday. The French authorities are placed in a delicate position in the run-up to agricultural price negotiations in Brussels.

The aid package, totalling FFr 5.6bn (£518m) has come under fire from two sides. Britain's Farmers' Union says it infringes EEC rules on direct subsidies: and the main French farmers' union, the FNSEA, says it falls short of what they reckon to have lost in revenue this year.

M Pierre Mauroy, the Prime Minister hit back at the FNSEA during a trip to South-West France, saying the union could not regard itself as the sole representative of the farming population.

The FNSEA has taken a more extreme position since the Socialist Government invited other unions tothe annual talks in a bid to gain more support for its policy of giving priority to small farmers.

● In London meanwhile, the Ministry of Agriculture said it was important that the EEC Commission should not let the matter slide in the same way as it did last year after a £380m French aid package was announced. The Commission took eight months to decide that the aid was illegal, a Ministry official said, by which time the money had all been paid out to farmers and spent.

Cattle disease scheme to be launched soon

By Our Commodities Staff

A VOLUNTARY scheme for the establishment of cattle herds attested free of enzootic bovine leukosis is being launched by the Ministry of Agriculture from January 1.

The disease causes loss of appetite and condition in its early stages and often culminates in the formation of tumours, usually fatal.

To be registered as EBL-attested, all animals in a herd will have to pass two blood tests, the first at the farmer's expense, the second at the Ministry's. Any reactors discovered in later routine tests will have to be slaughtered with no compensation being payable, if the farmer wants to stay in the scheme.

FREEZE-UP ON THE FARM

Waging war on ice and snow

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THIS HAS been the worst weekend of my farming life so far. It began last Friday with six inches of snow which brought chaos to the roads and effectively buried the pasture I had been trying to save for my flock over the Christmas period. The only good thing to be said about the snow was that the ground beneath was unfrozen and it sheltered both the grass and the young plants of wheat and barley.

But it meant immediately feeding hay to all the sheep a month early and a recount of my stocks of feed to see if they would match a winter which could last from now until April.

On Friday night there was the hardest frost I have known. The temperature dropped to minus 34 degrees F. Saturday night was even colder and all looked set, according to the weathermen, for more of the same until further notice. On Sunday morning it was much milder and there were forecasts of blizzards.

These turned out to be correct and for several hours there was a blizzard which not only brought fresh snow but blew much off the fields and filled all the roads. I have a county council snow plough which I am only allowed to use when told to. On Sunday afternoon, I was told to use my discretion. My driver went out with it and found that the road was filling as fast if not faster than he cleared it. So he went home to wait until it had stopped. After all, he said, only lunatics venture out in this weather.

Then the power failed, as it always does when it snows. Later in the evening it poured with rain which washed away a lot of the snow but even so by yesterday morning the farm had no water, no light, no warmth in the farrowing pens and no pig feed because the mill—like everything else—relies on electricity.

I spent most of the morning trying to contact the Southern Electricity Board by phone eventually being told that everything was being done that could be done.

This is not good enough, I argued. I don't expect instant miracles but there are countries where such conditions are common. Are there widespread cuts with every snow storm in Canada or eastern Europe, as seems to be the case here?

Electric power is no longer cheap and customers deserve good service in bad weather as well as fair. I appreciated, I said, that the engineers were working flat-out to reconnect me, but surely it was not beyond the wit of technology to prevent the cut in the first place.

The spokesperson at the other end of the line was unimpressed. "We are doing all we can," she said, "and cannot discuss individual cases."

By Monday afternoon, the snow was disappearing from the fields but my men were still digging away the road-blocking drifts rescuing a beer lorry and earning a bonus in kind. As the light faded, the power returned. But still no water. The mill doesn't work and even the Calor gas to cook my supper has run out.

All I can say is its a good rehearsal for when the atom bomb falls. I must remember to install a generator.

London wool trading comes to New Zealand

BY A CORRESPONDENT

A BOOST to London's importance as a centre for futures trading in crossbred wool should stem from the inauguration in New Zealand this month of 10 full "floor" members of the London Wool Terminal Market Association.

A deputation from the Association visited New Zealand recently to discuss the progress made by the new trading contract introduced last year with the provision of communications facilities enabling futures dealing in the two hemispheres to continue non-stop around the clock.

New Zealand's contribution to the market has been so successful—mostly by trade users but also with an element of speculation which London finds impressive in a country of only 3m people—that there was talk there of establishing a local futures market rather than go on dealing as an appendage of London.

The Association's New Zealand mission, which in three weeks held dozens of meetings around the country, succeeded in persuading participants that it would be in everyone's interest to extend the London market to the home of the crossbred wool in which it deals, rather than start up a separate NZ market from scratch.

Of the 10 members who are each buying a full seat on the Association's trading floor for an undisclosed price, five are internationally active wool merchants, buyers and shippers, the others a mixture of merchant bankers, stockbrokers and pastoral companies.

The effect of the new arrangement is that during London trading hours the market will be deemed to be in Britain, while during the southern hemisphere business day it will move to New Zealand.

The revival in wool futures trading comes at a time when, after a decade of buoyancy following its inception in 1953, the market had waned in response to the decline of British and other European textile industries. But wool has recently made a comeback thanks to gains achieved against synthetics through research and promotion.

A move by consumers to favour natural products and a surge of demand from China, Russia and developing countries, has made demand strong during the recession. So the time is ripe for the futures markets to attract interest both from trade users and speculators.

During the year to the end of October, more than 15,000 contracts, worth some NZ$135m at last season's average prices, have been traded on the new futures market—three times more than in the previous such period.

However, the bulk of trading turnover has come from New Zealand, which supplies 70 per cent of the world's coarser wools for such end-uses as carpets, blankets, furnishing fabrics and bulkier apparel, and most of the business from trade investors, as opposed to speculators. In spite of the rise the amount of wool represented by futures trading over the 10 months was only 14 per cent of the NZ clip compared with the 70 per cent of the Australian marine clip traded in the Sydney futures market.

Mr John Schrader, leader of the association's deputation to New Zealand, and managing director of the London brokers Gardner Lohmann, says the potential for creating interest in wool futures among European and American investors is substantial. Certainly the market and the trade dealers who utilise it need the gamblers' presence.

Mr Schrader admits that London wool futures has been a chicken-and-egg situation. Brokers have been reluctant to advise clients to invest in a market lacking the support required for liquidity on demand, yet the market is unable to provide such liquidity without the support of those selfsame clients.

"The downside risks," he says, "are relatively limited, whereas the upside possibilities for profit are rosy." No one who believes in economic revival next year should fail to look at wool futures."

Israel aids citrus exports

BY L. DANIEL IN TEL AVIV

CITRUS picking resumed in Israel yesterday following agreement between the authorities and the Citrus Marketing Board. Growers were promised the same benefits granted to other exporters by the Minister of Agriculture. These benefits include exchange rate insurance, cheap loans—a very formidable indirect subsidy in an economy with three-digit inflation and interest rates in excess of 150 per cent—and possibly accelerated depreciation as well as other tax reliefs.

It is expected that growers will get around $60m (£31m) in this way which they claim is the gap between reduced export earnings (due to the weakness of European currencies) and a 16 per cent jump in the cost of working groves during the past year.

BRITISH COMMODITY MARKETS

BASE METALS

Base-Metal prices rose sharply on the London Metal Exchange following the latest developments in Poland. Copper touched £906 before closing the late Kerb at £897.5, while Lead closed at £378, after £381. Zinc at £452.5, after £454, and Tin at £8,337.5. Aluminium was finally £623.75 owing to the unexpected decline in warehouse stocks, while Nickel closed the afternoon Kerb at £2,957.5.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £871.50, three months £896.00, 97.00, 98.00, 97.00, 96.00, 95.00, 96.00, 95.50, 95.00, 94.00, 93.00, 93.50, 94.00, 95.00, 94.50, 94.00, 93.50, 93.0. Standard cathodes, cash £867.00, 67.50. Kerb Higher Grade, three months £893.00, 92.00, 92.50, 93.00, 92.50, 93.50, 94.00. Afternoon: Higher Grade, three months £894.00, 93.50, 93.00, 94.00, 94.50, 95.00, 94.50. Kerb: Higher grade, three months £896.00, 97.00, 96.50, 97.00, 98.00, 99.00, 98.00, 97.50, 98.00. Turnover: 27,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrade				
Cash	871-.5	+24.5	872.5-3.5	+21.5
3 mths	892.5-3	+26	894.5-5	+25.5
Settlem't	871.5	+24.5	—	......
Cathodes				
Cash	867-.5	+22.5	868.5-9.5	+20.5
3 months	888-9	+24	890-1	+22.5
Settlem't	867.5	+22.5	—	......
U.S. Prod	—	......	*79-84	......

Tin—Morning: Standard, cash £8,450, 80, 8,500, three months £8,300, 8,290, 85, 90, 8,300, 8,310, 20. Kerb: Standard, cash £8,510, three months £8,320, 15, 20, 10. Afternoon: Standard, three months £8,320, 30, 40, 35, 30, 25, 20, 25. Kerb: Standard, three months £8,320, 30, 40. Turnover: 2,315 tonnes.

Lead—Morning: Three months £369.00, 68.00, 67.00, 67.50, 69.00, 68.50. Kerb: Three months £267.50, 68.00, 69.00, 70.00, 71.00. Afternoon: Three months £377.00, 78.00, 78.50, 79.00, 80.00.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8500-10	+80	8450-70	+60
3 months	8315-20	+52.5	8320-30	+77.5
Settlem't	8510	+80	—	......
Standard				
Cash	8500-10	+80	8450-70	+60
3 months	8315-20	+52.5	8320-30	+77.5
Settlem't	8510	+80	—	......
Straits E.	:$35.20	-0.14	—	......
New York	—			

79.50, 78.00, 79.00, 79.50, 80.00, 81.00, 80.50, 80.00, 79.00, 78.50, 78.00, 79.00, 80.00, 80.50, 81.00, 80.00, 79.00. Kerb: Three months £379.00, 78.50, 79.00, 78.00. Turnover: 24,925 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356.5-7	+18.7	350-1	+16.2
3 months	368.5	+17.5	361-2	+17.7
Settlem't	357	+18.5	—	......
U.S. Spot	—	......	*32-6	......

Zinc—Morning: Cash £440.00, three months £446.00, 45.50, 46.00, 47.00, 48.00, 49.00, 49.50. Kerb: Three months £448.00, 48.50, 49.00. Afternoon: Three months £454.00, 53.50, 53.00, 52.00, 51.00, 50.00, 51.00, 50.50, 50.00, 49.00, 48.50, 49.00, 49.25, 49.50. Kerb: Three months £449.00, 50.00, 51.00, 51.50, 52.00, 53.00, 53.50. Turnover: 13,225 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	440.5-1	+13.2	440-1	+9
3 months	449.5-50	+14.2	449.5-50	+11
S'ment	441.0	+13.2		
Primw'ts	—		*44-50	

Aluminium—Morning: Cash £605.50, 06.00, three months £622.00, 24.00,

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	607-8	+18.2	606.5-7.5	+16
3 months	629.5-30	+18.2	629-6-30	+17.2

24.50, 25.00, 26.00, 27.00, 29.00, 28.00, 27.50, 28.00, 29.00, 30.00. Kerb: Three months £629.00 29.50, 30.00. Afternoon: Three months £629.00, 29.50, 30.00. Kerb: Three months £630.00, 31.00, 32.00, 33.50. Turnover: 14,175 tonnes.

Nickel—Morning: Cash £2,915, three months £2,980, 70, 65. Afternoon: Three months £2,960. Kerb: Three months £2,960.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2915-20	+17.5	2905-15	+40
3 months	2965-70	+22.5	2960-5	+40

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 15.6p an ounce higher for spot delivery in the London bullion market yesterday at 467.75p. U.S. cent equivalents of the fixing levels were: spot 870c, up 19.7c; three-month 896.9c, up 21.8c; six-month 928.5c, up 21.2c; and 12-month 993c, up 27.2c. The metal opened at 478-482p (890-895c) and closed at 467-471p (870-875c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	467.75p	+15.6	468.5p	+13.0
3 months	484.15p	+17.2	485.75p	+15.2
6 months	501.30p	+17.8	—	......
12 months	536.45p	+20.2	—	......

LME—Turnover 201 (117) lots of 10,000 ounces. Morning: Three months 484.0, 83.0, 83.5, 84.0, 85.0, 86.0, 87.5, 87.0, 86.0, 85.5. Kerb: Three months 486.0, 87.0. Afternoon: Three months 486.0, 85.0, 86.0, 85.5. Kerb: Three months 486.0, 86.5, 87.0, 86.0, 85.0.

COCOA

Futures traded within narrow range to close with modest gains. Actuals business saw consumers sidelined although Brazil made sales of December shipment cocoa, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1186-88	+9.5	1189-84
March	1177-78	+7.0	1185-74
May	1181-82	+4.0	1188-80
July	1187-88	+7.0	1193-85
Sept	1194-98	+7.0	1231-196
Dec	1215-16	+6.0	1222-13
March	1220-26	+6.5	—

Sales: 1,344 (2,679) lots of 10 tonnes.

ICCO—Daily price for Dec 14: 96.36 (95.29): Indicator for Dec 15: 96.02 (96.39) U.S. cents per pound.

COFFEE

The reopening of Brazilian Jan registrations, the New York limit gain in near positions and weaker sterling caused London to open higher, reports Drexel Burnham Lambert. A strong 'C' opening failed to influence London further. Mixed selling, profit-taking and general liquidation returned values to the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1136-40	+15.0	1152-36
March	1121-22	+14.0	1135-18
May	1110-12	+13.5	1125-08
July	1006-08	+11.0	1121-06
Sept	1002-06	+8.5	1120-11
Nov	1003-04	+9.0	1113-05
January	1005-10	+13.0	—

Sales: 4,058 (1,186) lots of 5 tonnes.

ICO—1979 indicator prices for Dec 11: (U.S. cents per pound): Comp daily ICA 122.52 (121.57): 15-day average 122.44 (122.73).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 355, 367, nil: Jan 360, 369, nil: March 370, 376, nil: May 378, 384, 380; Aug 400, 403, 401-396; Oct 399, 403, 402-399; Dec 408, 410, 408; Jan 408, 409, 408; March 415, 419, 419-417; May 421, 430, nil. Sales: 35.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 486.0, 488.0, 486.5-483.0; March 495.0, 495.0, 495.5-494.5; May 504.2, 504.5, 505.5-504.5; July 512.5, 513.0, 513.5-510.0; Oct 511.0, 513.0, 511.0-509.5; Dec 516.0, 518.0, 515.5; March 520.0, 523.0, untraded: May 527.5, 528.0, 527.5-525.5. Sales: 117.

BRADFORD—Top prices are generally 4-5p higher due to sterling's renewed weakness, with the Polish crisis adding to the uncertainty. Heavy snow locally has dislocated production and deliveries.

GAS OIL FUTURES

Prices rallied on the opening due to the Polish crisis but an unchanged physical market pushed futures back. Light buying in thin conditions returned prices to the highs, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
December	321.50	+2.50	321.50-21.00
January	322.00	+2.00	322.00-20.75
February	321.50	+1.75	322.00-20.25
March	318.25	+1.25	318.00-17.75
April	316.50	+3.50	—
May	314.75	+3.75	—
June	314.75	+3.75	—
July	313.50	+1.50	—
August	314.00	+1.00	—

Turnover: 817 (556) lots of 100 tonnes

GRAINS

The market opened unchanged except old crop barley which was 15p down. Warmer weather and worry about potential sales to Poland eased the market. Further weakness was met by shipper buying near the close. Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan	107.95	−0.45	103.80	−0.50
Mar	111.60	−0.35	107.15	−0.15
May	114.80	−0.30	110.05	−0.15
July	117.55	−0.35	—	
Sep	106.05	−0.10	101.10	—
Nov	109.65	−0.05	104.85	−0.05

Business done—Wheat: Jan 108.40-107.80, March 111.95-111.40, May 115.00-114.65, July 117.70-117.55, Sept 106.05 only, Nov 09.60 only. Sales: 568 lots of 100 tonnes. Barley: Jan 103.85-103.60, March 107.10-107.00, May 110.00-109.90, Sept 101.10 only, Nov no trades. Sales: 97 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Dec 113.00, Jan 118.75 transhipment East Coast seller. English Feed fob Jan-March 114.50 South Coast seller. Maize: French, Dec 130.25 transhipment East Coast seller. S. African White, Dec 83 seller. S. African Yellow, Dec 83 seller. Barley: English Feed fob, Jan-March 110.75 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 108.00. Feed barley: Eastern 101.00, E. Mids 102.00. Scotland 101.80. The UK Monetary Coefficient for the week beginning Monday December 21 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, attracted fair interest throughout the day and closed slightly steadier. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 205.5 (204.5) cents a kg and SMR 20 177.0 (174.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Jan	53.10-53.50	52.10-52.20	—
Feb	53.00-54.00	52.30-52.40	—
Jan-Mar	53.00-55.10	52.20-52.50	55.40-52.50
Apl-Jne	56.40-56.50	55.40-55.50	56.50-55.60
Jly-Sept	59.40-59.50	59.40-58.80	59.50-58.80
Oct-Dec	62.60-62.70	61.60-61.70	62.70-62.50
Jan-Mar	65.70-65.80	64.60-64.90	65.70
Apl-Jne	68.70-68.80	67.70-67.80	68.70
Jly-Sept	71.60-71.70	70.60-70.70	71.70

Sales: 315 (298) lots of 15 tonnes, nil (17) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 52.25p (51.00p), Jan 52.75p (52.25p), Feb 53.00p (52.50p).

JUTE

JUTE—Jan c and f Dundee, BWC £183, BWD £226, BTB £233, BTD £231; Antwerp c and f, BWC $525, BWD $430, BTB $815, BTC $540, BTD $437; Dundee, Dec 40 in 10 oz £9.71, 40 in 7½ oz £7.47, B Twills £29.37.

SOYABEAN MEAL

The market opened about £1 higher on trade buying, reports T. G. Roddick. Prices advanced further on weaker sterling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	130.00-33.0	+3.00	—
February	132.50-33.0	+1.75	133.00-32.00
April	134.00-34.5	+1.45	135.00-33.80
June	136.50-34.5	+1.00	—
August	134.50-35.5	+1.50	134.00
October	135.00-37.0	+1.60	—
Dec	136.00-39.0	+1.00	—

Sales: 89 lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £170.00 (£169.00) a tonne cif Dec-Jan shipments. White sugar daily price £172.00 (£173.50).

The market was confined within a narrow range in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	175.00-75.00	172.70-74.60	175.25-72.00
March	178.25-78.50	178.30-78.45	178.60-76.50
May	180.00-80.50	180.30-80.50	180.60-78.75
Aug	185.25-85.45	182.60-83.50	185.45-82.50
Oct	187.90-88.00	187.25-88.25	188.25-86.75
Jan	187.60-88.70	186.00-88.75	—
March	193.00-94.00	191.00-95.50	—

Sales: 2,573 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £280.50 (£279.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for December 11: Daily price 13.03 (12.75): 15-day average 12.51 (12.43).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 80 tonnes. Considering the climate conditions, the turnover was reasonably good, and interest ranged over numerous qualities. Activity tended to be concentrated on North and South American styles, with minor support in African types.

TEA AUCTION

LONDON TEA AUCTION—29,316 packages were offered in yesterday's auction. Bright Assams were firm to dearer but others lost 2p. Brighter East Africans were sometimes lower, but mediums were firm. Plain Central Africans were irregularly easier. Ceylons were well supported, with quality sorts selectively dearer. Quotations: Quality 118p a kg (same), medium 105p a kg (same), plain 79p a kg (80p a kg).

POTATOES

LONDON POTATO FUTURES—The market was erratic but firmed on fears over consequences of the weather. Profit-taking at higher levels pared the gains, reports Coley and Harper. Closing prices: Feb 93.80, +1.20 (high 94.50, low 93.50); April 109.80, +2.60 (high 112.00, low 108.80); Nov 67.00, unchanged. Turnover: 623 (152) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 84.5 to 88.5. Veal: Dutch hinds and ends 130.0 to 134.0. Lamb: English small 81.0 to 87.0, medium 81.0 to 85.0. Imported frozen: New Zealand YLs 59.0 to 60.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 104.60p per kg lw (+5.23). UK—Sheep 186.89p per kg est dcw (+0.05). GB—Pigs 85.12p per kg lw (+4.02).

English Produce: Potatoes—Per 55-lb White 2.00-2.50, red 2.50-2.80, King Edward's 2.80-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley's 0.18-0.25, Cox's 0.20-0.30, Laxton's 0.14-0.16, Spartans 0.20-0.25. Pears—Per pound, Conference 0.14-0.20, Comice 0.18-0.24. Cabbages—Per 30-lb bag, Celtic/Jan King 2.00. Lettuces—Per 12, round 1.00-1.60. Onions—Per 55-lb 40/80 mm 2.50-3.00. Carrots—Per 28/28-lb 2.50-2.80. Beetroots—Per 28-lb, round 1.20-1.80, long 1.80. Parsnips—Per 28-lb 2.50-2.80. Swedes—Per net 1.20-1.40. Sprouts—Per 20-lb 3.00-4.00. Turnips—Per 28-lb 2.80-3.00. Celery—Per 16/36, Hassey 5.00. Savoys—Per 25-lb 2.00. Rhubarb—Per 14-lb 3.60-4.20.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 4.30-4.80; Spania: Navels/Navelines 42/130 4.20-5.40. Clementines — Spania: 3.50-4.80; Moroccan: 1/6 3.50-4.80. Satsumas—Spania: 3.00-3.40. Lemons—Outspan: 88/162 4.50-6.00; Cyprus: 3.30-4.50; Jaffa: 125/150 5.00-5.25; Italian: 80/150 4.50; Spania: 40/50 2.40-2.50; U.S.: 115 7.00. Grapefruit—U.S.: Pink 32/48 6.20-7.50; Cyprus: Large cartons 3.80-4.50, small cartons 2.80-3.40; Jaffa: 36/88 3.80-4.95. Apples—French: New crop, Golden Delicious 20 lb 3.30-3.60, 40 lb 6.50-7.20, Starkcrimson 40 lb 7.00-8.00, 20 lb 3.40-4.00, Granny Smith 8.20-9.00; Canadian: Red Delicious 9.00-11.00; U.S.: Red Delicious 9.00-13.00; Hungarian: Starking 6.80. Pears—Dutch: Comice 14 lb 2.60-3.20, Conference, per pound 0.14-0.18. Peaches—Zimbabwean: 4.50-5.50; South African: 4.50-5.50. Apricots—Australian: Per pound 1.00. Plums—U.S.: Per pound 0.40; South African: Per pound 1.00. Grapes—Spanish: Almeria 11 lb 2.60-3.00, Negra 3.50-4.00; U.S.: Almeria, per pound 0.50, Red Emperor 0.70. Cherries—New Zealand: 1 lb 1.35. Strawberries—Kenyan: 8 oz 0.60-0.80; New Zealand: 8 oz 1.30. Litchees—Mauritius—Per pound 1.00; South African: 1.00. Melons—Spanish: 10 kg 4.50-6.00, 15 kg A1 10.50-11.00. Pineapples—Ivory Coast: Each 0.40-1.10. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50-6.00, small box 2.50; Israeli: 3.80-4.20; Canary; Large box 5.00, small box 4.00. Mangoes—Kenyan: 8/16 5.00; Brazilian: 7.50-8.00. Pomegranates—Israeli: 3.30-3.60. Dates—Tunisian: 30 x 0.50-0.60; U.S.: 0.44-0.45. Figs—Turkish: 48 x 8 oz 0.19-0.20. Tomatoes—Spanish: 2.00-3.30; Canary: 2.50-4.00; Moroccan: 2.50. Onions—Spanish: Grano 3/5 3.50-4.50. Capsicums—Dutch: 5 kilos, red 6.00; Canary: Green 4.00-4.20, red 5.00; Italian: Green 3.50. Cabbages—Dutch: White 2.80, red 3.00. Cauliflowers—French: 24's 11.00; Jersey: 18/30's 8.50-10.00. Celery—Israeli: 4.10-4.60; Spanish: 3.00-3.30. Carrots—Dutch: 20 lb 2.10, pre-pack 3.00-3.20. Lettuce—Dutch: 24's 3.00-3.80. Cucumbers—Canary: 2.80-3.00. Chicory—Belgian: 3 kilos 2.20-2.50. Endive—French: 4.60. Fennell—French: 9 lb 3.50-4.00; Italian: 4.00. New Potatoes—Canary: 28 lb ware 5.00, mids 5.80; Italian: 0.15; Cyprus: 5.60. Aubergines—Canary: 5.60; Italian: 5.00; U.S.: Box 12.00. Chestnuts—Italian: 10 kg bags 8.80-12.00. Walnuts—Chinese: Per pound 0.44-0.45; U.S.: 0.80. Brazils—Per pound 0.40-0.42. Filberts—Per pound 0.38-0.40. Almonds—Per pound 0.48-0.50. Pecans—Per pound 0.95-1.00. Moscatels/Almonds—Spanish: 8 oz 0.45.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.40, codlings £3.00-£4.50; Large haddock £3.80-£4.20, medium £2.80-£3.40; small £1.40-£2.20; Large plaice £4.00-£4.40, medium £4.20, best small £3.80-£4.00; Skinned dogfish (medium) £1.00-£3.50; Lemon soles (large) £13.00, (medium) £11.00; Rockfish £2.20-£2.60; Saithe £1.00-£2.40.

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 14 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1120/60	......	$1085/995
Copper			
Cash h grade	£873	+21.5	£860.5
3 mths	£894.75	+25.5	£886.25
Cash Cathode	£869	+20.5	£858.75
3 mths	£890.5	+22.5	£881.75
Gold troy oz	$418.5	+7.5	$404.5
Lead Cash	£367.25	+16.25	£348.5
3 mths	£379.25	+17.75	£362.75
Nickel	£3678.69	......	£4,187.2
Free mkt.	245/265c	......	225/75c
Platin'mtr'y oz	£260	......	£260
Freemkt	£218.80	+4.55	£200.90
Quicksilver†	$418/425	−3.5	$418/425
Silver troy oz	467.75p	+15.6	430.50p
3 mths	484.15p	+17.2	445.10p
Tin Cash	£8,460	+60	£8539.5
3 mths	£8,325	+77.5	£8650.5
Tungsten22.0lb	$137.32	......	$143.61
Wolfrm 22.04lbs	$124/128	......	$130/135
Zinc Cash	£440.5	+9	£441
3 mths	£449.75	+11	£455.25
Producers	$930/50	......	$1000
Oils			
Coconut (Phil)	$560y	......	$590
Groundnut	‡	......	$805
Linseed Crude	‡	......	‡
Palm Malayan	$485x	+5	$505
Seeds			
Copra Philip	$360	......	$360
Soyabean(U.S.)	$262.5	+4.5	$258.75
Grains			
Barley Fut.Mar	£107.15	−0.15	£103.75
Maize	£130.25		£127.25
Wheat Fut.Mar	£111.60	−0.35	£107.70
No2 HardWint	‡		‡
Other commodities			
Cocoa ship't*	£1263	+10	£1,213
Future Mar.	£1177.5	+7	£1147.5
Coffee Ft' Mar	£1121.5	+14	£1144.6
Cotton A.Index	67.20c	−0.15	72.40c
Gas Oil Jan.	$322	+2	$326.75
Rubber (kilo)	52.25p	+1.25	51.5p
Sugar (Raw)	£170w	+1	£155
Woolt'ps 64s kl.	379p kilo	+6	377p kilo

‡ Unquoted. w Dec-Jan. x Jan. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

PRECIOUS METALS and copper responded with opening rallies to the Polish conflict. Coffee maintained a firm tone on the announcement by Brazil of raising registration prices. Grains, soyabeans and cotton came in for some further liquidation in the face of disappointing commercial demand. Increased tension between Iran and Iraq plus a technical correction rallied heating oil, reported Heinold.

Copper—Dec 72.60 (70.60), Jan 73.20 (71.05), Feb 74.05, March 74.85-74.95, May 76.70-76.80, July 78.40, Sept 80.15, Dec 82.80, Jan 83.55, March 85.50, May 87.05, July 88.80, Sept 90.55.

*Gold—Dec 414.5-415.0 (406.7), Jan 416.8 (408.4), Feb 419.0-420.0, April 427.8-428.5, June 438.0-439.5, Aug 447.0, Oct 456.9, Dec 467.0, Feb 477.1, April 487.5, June 498.0, Aug 508.5, Oct 519.1.

Potatoes (round whites)—Feb 70.0-70.9 (70.0), March 74.3-74.4 (74.5), April 83.7-83.8, Nov 77.0-77.9. Sales: 169.

¶Silver—Dec 870.5 (850.0), Jan 876.0 (856.0), Feb 886.0, March 891.0-897.0, May 914.0-918.0, July 935.0, Sept 955.5, Dec 986.3, Jan 996.5, March 1017.0, May 1037.5, July 1058.0, Sept 1078.5. Handy and Harman bullion spot: 871.00 (854.00).

Sugar—No. 11: Jan 12.70-12.86 (12.80), March 13.14-13.16 (13.16), May 13.29-13.31, July 13.54, Sept 13.83, Oct 14.05-14.10, Jan 14.10-14.28, March 14.88.

Tin—704.00-719.00 (704.00-717.00).

CHICAGO, December 14.

Lard—Chicago loose 17.50.

Live Cattle—Dec 60.20-60.15 (58.72), Feb 56.90-56.75 (56.02), April 56.60-56.40, June 57.80-57.70, Aug 57.45-57.50, Oct 56.80, Dec 57.70.

Live Hogs—Dec 40.70-40.55 (40.65), Feb 41.00-40.90 (40.77), April 38.20-38.90, June 41.70-41.80, July 42.90, Aug 41.80, Oct 41.10, Dec 42.90, Feb 44.50.

‡‡Maize—Dec 249-249¼ (254), March 267¾-266½ (272½), May 276, July 281¼-282½, Sept 283, Dec 285½-286½.

Pork Bellies—Feb 54.75-54.55 (54.15), March 54.60-54.80 (54.22), May 55.55-55.80, July 56.65, Aug 56.20.

†Soyabeans—Jan 631-631 (639¼), March 640-641½ (649), May 651½-652, July 661-661½, Aug 662, Sept 661, Nov 663½-663, Jan 678, March 693.

||Soyabean Meal—Dec 187.4-187.5 (190.0), Jan 187.8-187.6 (189.8), March 188.2, May 189.5-190.0, July 191.0-191.5, Aug 191.0-191.5, Sept 191.0-191.5, Oct 191.5-192.0, Dec 194.0-195.0.

Soyabean Oil — Dec 19.38-19.40 (19.72), Jan 19.62-19.61 (19.90), March 20.2-20.20, May 20.75, July 21.30, Aug 21.40, Sept 21.55, Oct 21.60-21.65, Dec 22.00, Jan 22.00-22.05.

†Wheat—Dec 382 (394), March 401-402 (413½), May 407-407½, July 408-408½, Dec 432½.

WINNIPEG, December 14.

§Barley—Dec 118.70 (118.80), March 124.00 (124.90), May 129.30, July 130.10, Oct 133.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, December 14.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, Dec 20/Jan 10 207, Jan 20/Feb 10 211, Feb 20/March 10 214, March 20/April 10 216. U.S. No. Two Red Winter, Dec 178.75, Jan 186, Feb 187, March 190. U.S. No. Three Amber Durum, mid-Jan 208, April/May 196, May/June 197, June/July 197, July/Aug 198, April/Sept 200, Sept/Oct 200, Oct/Nov 203. U.S. No. Two Northern Spring 14 per cent, Dec 190, Jan 198, Feb 202, March 204, April/May 192, June/July 194, Aug/Sept 197.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow, afloat 121, Dec 122, Jan 121, Feb 124.50, March 127, April/June 129.50, July/Sept 133, Oct/Dec 133.75.

Soyameal—(U.S. $ per tonne): 44 per Two Yellow Gulfports, Dec 256.40, Jan 258, Feb 261, March 263, April 263.55, May 265.25, June 265.50, July 267.50, Aug 267, Sept 267, Oct 263.40, Nov 263.40, Dec 265.75 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 237.50, Dec 237, Jan 239, Feb 241, Jan/March 240.50, April/Sept 240.50 sellers. Brazil Pellets, afloat 250, Dec 252, Jan 256, Jan/March 258, April/Sept 245 sellers.

PARIS, December 14.

Cocoa—(FFr per 100 kilos): Dec 1220-1245, March 1253-1255, May 1260-1276, July 1290-1305, Sept 1305-1320, Dec 1320-1335, March 1335-1350. Sales at call: 5.

Sugar—(FFr per tonne): March 1928-1930, May 1970-1975, July 1990-2010, Aug 2030-2055, Oct 2075-2095, Nov 2075-2095, Dec 2100-2140, March 2125-2165. Sales at call: 3.

INDICES

FINANCIAL TIMES

Dec. 11	Dec. 10	Month ago	Year ago
247.17	244.92	253.76	256.23

(Base: July 1, 1952=100).

MOODY'S

Dec. 11	Dec. 10	Month ago	Year ago
970.6	972.1	993.7	1198.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 11	Dec. 10	Month ago	Year ago
Spot	360.86	359.80	361.22	419.41
Futures	365.58	362.62	377.84	470.49

(Average 1924-25-26=100)

REUTERS

Dec. 14	Dec. 11	M'nth ago	Year ago
1616.4	1606.9	1620.3	1700.6

(Base: September 18, 1931=100).

LEGAL NOTICES

No. 003426 of 1981

In the HIGH COURT OF JUSTICE Chancery Division Mr Justice Vinelott. In the Matter of BROWN BROTHERS CORPORATION LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that the ORDER of the High Court of Justice, Chancery Division, dated the 7th day of December, 1981, SANCTIONING a SCHEME of ARRANGEMENT and CONFIRMING the REDUCTION of the CAPITAL of the above-named Company from £6,500,000 to £5,078,862.70 and the Minute approved by the Court showing with respect to the Share Capital of the Company as altered, the several particulars required by the above Act were registered by the Registrar of Companies on the 10th day of December, 1981.

DATED the 10th day of December, 1981.

SLAUGHTER AND MAY
35 Basinghall Street
London EC2V 5DB
Solicitors for the said Company

LONDON STOCK EXCHANGE

Mounting pressures on interest rates dominate markets forcing Gilt-edged down for sixth consecutive session

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Thoughts that the mounting pressures on international interest rates could soon force domestic clearing banks to raise their base lending levels continued to dominate sentiment in London stock markets yesterday. Government securities resumed last week's dull trend and leading shares followed in markets also disturbed by the imposition of military rule in Poland. Other influences affecting the tone included uncertainty about the labour situation and the gloomy economic scene.

All Gilt-edged stocks opened lower, but the defensive move by dealers failed to deter some nervous selling and quotations fell further. Losses ranged to ¾ at both ends of the market prior to a technical rally on bear-covering which finally reduced them to around ¼ and less, in the shorts. Among the latter, the £40-paid tap stock, Exchequer 14 per cent 1986, touched its lowest yet of 36⅞ before settling a net ½ down at 37¼. Reflecting the continuing weakness, the FT Government Securities index lost 0.40 more to 62.35 for a fall of 2.28, or 3½ per cent, in the last six trading sessions.

Equity markets began the second leg of the extended pre-Christmas trading Account uncertainly. Wall Street influences provided another deterrent, and most traders anticipated a further slowing in both institutional and other interest, partly owing to the prevailing bad weather conditions. **Habitat's** agreed merger with **Mothercare** aroused specialist activity and **Haslemere Estates'** call for £21.6m via a Convertible Loan stock issue to ordinary share holders provided a talking point, but overall trade declined again.

The extent of the early markdown was measured by a fall of nearly seven points in the FT Industrial Ordinary share index at the first, 10.00 am, calculation. Thereafter, the reluctance of buyers and sellers imparted stability and some leading shares even rallied. Last month's expansion in industrial production to a 14-month high was welcomed but lent scant support to markets which, in the wake of fresh New York easiness yesterday, turned off again late and the index closed 6.6 down at 513.6.

Banks dull

Traded options remained relatively subdued and a total of 1,122 deals were arranged, a shade below last week's daily average of 1,205. ICI returned to the limelight and attracted 123 calls and 112 puts.

Reflecting concern about the Polish crisis and that country's heavy outstanding debt to British banks, the major clearers drifted lower. **Barclays** touched 428p before finishing a net 10 down at 430p, while **Lloyds** closed a similar amount cheaper at 420p. **Midland** gave up 7 to 323p and **NatWest** 5 to 380p. Elsewhere, **Bank of Scotland** lost 7 at 458p and **Bank of Ireland** receded 10 at 250p. Still awaiting the Monopolies Commission's decision on the rival bids, **Royal Bank of Scotland** eased 3 afresh to 179p. **Grindlays** softened a couple of pence to 194p, after 190p, in the absence of bid developments. Discount Houses reacted in places on fears of higher interest rates. **Union** shed 15 to 430p. In merchant banks, **Guinness Peat** cheapened 2 on profit-taking to 98p awaiting the expected partial bid from the current President, Lord Kissin.

Pearl became a dull counter among Life insurances, falling 14 to 396p. Awaiting today's interim figures, **Equity and Law** gave up 4 at 382p, while **Hambro Life** declined a few pence to 307p. Composites were friendless with falls of 8 sustained by **General Accident**, 316p, and **Royals**, 224p.

Mothercare/Habitat

Among Timbers, better-than-expected interim results left **James Latham** 5 firmer at 125p, after 130p, but the half-year figures from **May and Hassell**, down a penny at 66p, proved disappointing. Elsewhere in the Building sector, **Taylor Woodrow** drifted 5 lower to 495p and **J. Laing** eased 2 to 43p, while **Warrington** closed 4 down at 90p. Against the easier trend, **Aberthaw** firmed 10 to 350p and **Pochins** 5 to 190p, while, awaiting today's preliminary statement, **Nottingham Brick** improved 3 to 120p.

Unsettled by lower annual earnings from its Australian subsidiary, **ICI** eased to 276p before settling at 278p, down 6 on balance.

Interest in a generally uninspired Store sector centred on **Mothercare** and **Habitat** following the announced merger terms; dealings in both issues, suspended on Thursday, were resumed yesterday and Mothercare moved between extremes of 171p and 158p before closing at 168p, a couple of pence below the suspension price. Habitat, suspended at 138p, opened at 123p and rallied briefly to 128p before ending at 120p. The share and convertible loan terms value each Mothercare share at around 180p. Elsewhere, **Gussies "A,"** which revealed satisfactory first-half results last week, eased 7 more to 408p, while **Marks and Spencer** shed 3 at 124p and **Debenhams** 2 to 70p. Mid-term results from **Martin The Newsagent** pleased and the close was 3 to the good at 233p, after 235p. Other Newsagents were irregular; **NSS** firmed a couple of pence to 150p, but **J. Menzies** eased that much to 212p. Mail-orders also succumbed to the lower trend and falls of 4 were noted in **Grattan**, 88p, and **Freemans**, 118p.

After a firm start, the Electrical leaders reacted to close with small losses. **GEC** ended 3 off at 780p, after 785p, while **Plessey**, 330p, cheapened a similar amount as did **Thorn EMI**, 440p.

Hunslet (Holdings), up 45 more at 270p, in further response to the annual figures and big dividend increase provided one of the occasional firm features in Engineerings. **Brasway** responded to the half-year figures and proposed one-for-two scrip issue with a rise of 7 to 79p, while the reduced interim loss prompted an improvement of 3 to 83p in **Baker Perkins**. Dealings resumed in **W. Williams** at 20p, compared with the suspension price of 11p, following the offer worth 25p per share for 51 per cent of Williams' ordinary capital. Revived demand lifted **Weir Group** 3 to 45p, while **ML Holdings** firmed 5 to 315p in response to Press mention. In contrast, scattered offerings left **Adwest** 6 cheaper at 180p, and losses of a few pence were marked against **Haden**, 197p, and **Matthew Hall**, 202p. Leading issues drifted lower, falls of 2 being recorded in **John Brown**, 38p, **GKN**, 162p, and **Tubes**, 104p.

Foods continued to succumb to scattered selling and closed around the day's lowest. A downward revision of a broker's profits forecast clipped 4 from **Associated Dairies**, 124p, while **J. Sainsbury** eased 5 to 490p and **Tesco** lost the turn to 54p. **Rowntree Mackintosh** came under late pressure and closed 6 off at 156p, while **Huntley and Palmer** continued to react to profit-taking and gave up 2 more at 75p. **Unigate**, interim results expected Thursday, also dipped 2, to 98p, but **Pyke** advanced 4 to 54p following the return to profits.

Whitecroft pleases

Interest rate uncertainties and the Polish situation combined to deter investment interest in the miscellaneous industrial leaders. Nevertheless, talk of a possible deal concerning the company's leisure or hotel divisions prompted a speculative improvement of 3 to 164p in **Rank Organisation**. Also, **BOC International** touched 150p on the better-than-expected 50 per cent jump in annual profits before closing unchanged at 148p. **Pilkington**, however, lost 10 at 265p and **Unilever** gave up 7 to 598p. Awaiting news from the AGM, **Glaxo** softened 6 to 410p. Elsewhere, **Whitecroft** advanced 6 to 64p following the much-better-than-expected interim results and **Dobson Park** hardened 2 to 86p, also after trading news. A rising market last week on hopes of an increased offer from RTZ, **T. W. Ward** fell 10 to 206p on profit-taking in the absence of any such development. **Bestobell** lacked support and lost 11 to 315p, while **Foseco Minsep** declined 7 to 191p. **Extel** dipped 6 to 222p. **English China Clays**, results due on Thursday, eased 3 to 153p and **ICL** eased a penny to 46p awaiting today's preliminary figures.

Leisure issues were quietly mixed. **Associated Leisure** added 3 at 84p, but **Horizon Travel**, the subject of put option business, gave up that amount to 280p. **Glasgow Pavilion** declined 4 to 44p following the £0.24m rights issue.

Oils give ground

Motor and Aircraft component manufacturers drifted lower under the lead of **Lucas**, which shed 7 at 209p following the chairman's warning at the annual meeting about current and future trading conditions. **Dowty** closed 5 cheaper at 135p. **Bluemel Brothers**, 23p, and **AE**, 38p, eased a penny apiece; both are due to announce preliminary results later this week.

Haslemere Estates stood out in Properties, falling 19 to 393p on the proposed near-£22m rights issue in convertible unsecured loan stock which accompanied the interim results and profits forecast. Haslemere's announcement and continuing fears that interest rates might soon have to rise adversely affected sentiment in other Properties with the leaders showing falls ranging to 7. **Land Securities** lost that much to 303p and **Stock Conversion** dipped 5 to 330p, while **Great Portland Estates** declined 4 to 174p and **MEPC** 3 to 243p. Elsewhere, **Rosehaugh** put on 5 to 265p, while **Berkeley Hambro**, still reflecting takeover gossip, added 4 afresh to 274p.

Leading Oils opened lower, partly reflecting the reductions in most crude prices announced late last Friday by OPEC. Occasional buying interest at the reduced values, however, saw quotations make a half-hearted rally before drifting back again in the late dealings. **BP** settled with a fall of 8 at 318p and **Shell** finished 6 down at 404p. **Lasmo** gave up 12 to 433p and **Sovereign** 14 to 356p. Among the more speculative issues, **Clyde** reacted 8 to 152p and **Candecca** closed 6 off at 212p.

Scattered losses in Trusts included **City and Commercial**, down 8 at 220p, and **Caledonia Investments**, 5 cheaper at 290p. Among Financials, **London Merchant Securities** eased a penny to 58p awaiting today's interim results.

Lofs firmed 2 to 57p pending news of the expected meeting with Mr Faisol Hashim, revealed recently as the holder of a 17.23 per cent stake in the company. Revived speculative interest left **Milford Docks** 5 dearer at 130p.

South African industrials retained a firm appearance. **OK Bazaars** closed 70 higher at 930p, while **South African Breweries** closed 6 dearer at 208p.

Plantations finished with modest falls. **Kuala Lumpur Kepong** eased 3 to 51p, and **Inch Kenneth** shed 10 to 315p.

Golds move ahead

The latest developments in Poland prompted strong gains in precious and base-metal markets and in turn led to widespread improvements in mining markets. The $7.5 rise in the bullion price to $418.5 an ounce fuelled a heavy two-way trade in South African Golds.

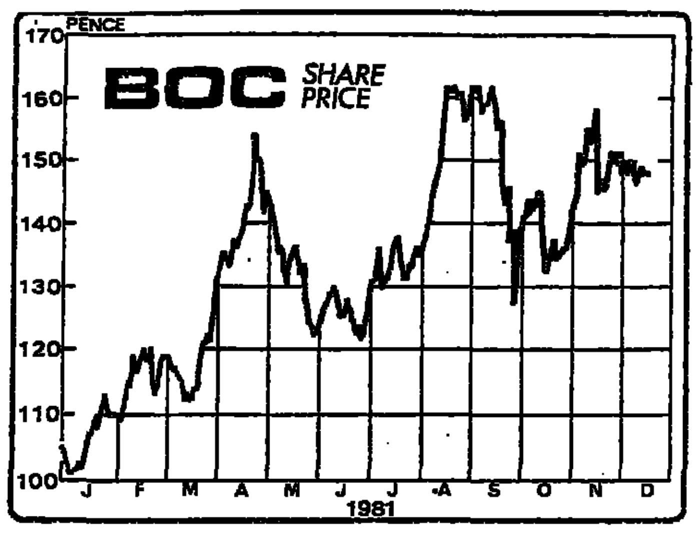
Initial American bear covering coupled with London and European buying interest led to a sharp mark-up of gold shares at the outset.

However, profit-taking and the absence of any further buying interest caused a marked deterioration in sentiment in afternoon trading and prices subsided accordingly, although quotations ended well above Friday's close.

The Gold Mines index responded with a gain of 14.2 to 346.0—its highest level since mid-November.

Financials were broadly firmer although the London stocks were restrained by renewed weakness in UK equities. **Gold Fields** mirrored the performances of gold and gold shares and closed a net 10 better at 500p, after 503p, but **RTZ** were finally unaltered at 460p, after 463p.

Widespread profit-taking in oil and gas stocks left Australians well below initial levels. In the latter, **Claremont Petroleum** dropped 25 to 73p folowing news that the Jackson No. 1 wildcat well had reached target depth with no additional oil flows. **Santos**, the major interest holder in Jackson, lost 25 to 375p and **Oil Company of Australia** dipped 2 to 27p. Among other down-under energy stocks, **Pan Pacific** and **Pancontinental Petroleum** rose 2 apiece to 17p and 33p respectively. The chairman's remarks at the AGM lifted **Meekatharra** a further 25 to a year's high of 495p.



FINANCIAL TIMES STOCK INDICES

	Dec. 14	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 7	A year ago
Government Secs....	62.35	62.75	63.45	63.58	63.87	64.31	68.00
Fixed Interest	63.32	63.52	63.90	64.33	64.50	64.77	70.09
Industrial Ord.........	513.6	520.2	525.5	520.2	531.7	533.5	464.4
Gold Mines..............	346.0	331.8	327.6	324.9	334.7	332.1	441.9
Ord. Div. Yield.........	5.88	5.80	5.74	5.81	5.79	5.68	7.65
Earnings, Yld.% (full)	10.24	10.13	10.02	10.13	10.10	9.91	17.16
P/E Ratio (net) (*)...	12.49	12.64	12.77	12.62	12.67	12.91	7.13
Total bargains	13,548	12,500	15,355	16,083	17,304	18,639	17,082
Equity turnover £m.	—	82.05	114.35	118.02	98.51	113.08	109.39
Equity bargains....	—	10,385	12,671	12,204	13 139	14,502	13,511

10 am 513.4. 11 am 514.8. Noon 515.4. 1 pm 515.3.
2 pm 514.4. 3 pm 514.0.

Latest Index 01-246 8026.

* Nil=11.15.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs. ..	70.61 (20/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 11	Dec. 10
—Daily		
Gilt Edged Bargains ..	142.4	161.0
Equities... Bargains.	67.3	81.4
Value	165.8	231.1
5-day Avrge.		
Gilt-Edged Bargains	171.2	182.4
Equities ..... Bargains	81.4	88.7
Value......	212.6	240.8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or –	Div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or –
97.48	£25	—	26½	23¼	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	23¼	—⅛
§33p	F.P.	—	33p	31p	City Site Ests. 10% Cnv. Cum. Red. Prf.	32p	......
100	F.P.	18/12	100	100	✠Dunton 12% Conv. Cum. Red. Prf. ...	100	
100	£10	25/2	13	12	Essex Water 10% Red. Prf. 1986......	12½	—½
¶¶	F.P.	—	143p	135p	McLeod Russel 8.4% Cnv. Red. Cum. Prf.	147p	+4
§100	F.P.	—	100½	99	Nat'wide Bdg. Society 15⅝% Bds (24/11/82)	99	—½
§100	F.P.	—	100	99¼	Do. 15⅝% Bds. (13/12/82)..........	99¼	—¼
†	F.P.	13/12	88	86	✠Television South Loan '86-88........	88	—1
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988..........	118	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or –
7½	Nil	31/12	29/1	1pm	½pm	Abwood Mach..................	½pm	......
148	Nil	29/12	29/1	15½pm	14pm	Brown (M)	14pm	—½
2.5A$	Nil	—	—	92pm	80pm	C S R	86pm	—4
162	F.P.	23/12	21/1	21pm	15pm	Great Portland Estates......	16pm	—1
7½	Nil	18/12	15/1	2pm	¼pm	Raglan Prop..........................	1¾pm	......
50	Nil	17/12	21/1	1pm	¼pm	Strong & Fisher..................	¼pm	
05 cts	Nil	10/12	28/1	117pm	109pm	T N T	115pm	—2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	337	− 3	Lasmo	433	−12
Barclays, Bank	430	−10	Meekatharra	495	+25
Candecca	212	− 6	Mothercare	168	—
Habitat	120	—	Plessey	330	− 3
ICI	278	− 6	Rank Organisation ...	164	+ 3
Lon. and O'seas Frtrs.	57	+ 2	Royal Bank Scotland...	179	− 3

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Town and City	15	30½	+ 2½	ICI	10	284	− 4
Hardanger Prp.	14	104	− 4	Sothebys	10	410	+15
Shell Transport	13	410	− 6	Ward (T. W.)	10	216	+ 8
GEC	12	783	− 9	BP	9	326	− 8
RTZ	11	460	− 8	Grand Met. ...	9	178	− 6
Cable & W'less	10	204	− 6	Racal Elec. ...	9	413	− 7
ICL	10	47	− 4	Royal Insce....	9	340	− 5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same		Rises	Falls	Same
British Funds ...	2	85	4	Oils	7	63	37
Corpns. Dom. & Foreign Bonds	3	43	27	Plantations	2	6	14
Industrials	109	391	856	Mines	45	27	96
Financial & Props.	47	212	250	Others	55	44	52
				Totals	270	871	1,336

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (19)

AMERICANS (3)
Fin. Corp. America Norton Simon Gillette
CANADIANS (1)
Rio Algom
BANKS (1)
Sec. Pacific
BUILDINGS (1)
Aberthaw Cement
STORES (1)
Wilkinson Warburton
ELECTRICALS (2)
Nippon Electric Security Centres
ENGINEERING (2)
Brasway Drake & Scull
FOODS (1)
Pyke
INDUSTRIALS (2)
Triefus Wolseley-Hughes
MOTORS (1)
Braid Group
SHIPPING (1)
Lon. O'seas Freights.
TRUSTS (1)
Grange Trust
TEAS (1)
McLeod Russel
MINES (1)
Meekatharra

NEW LOWS (29)

BRITISH FUNDS (5)
Treas 13pc 1990 Treas. 9½pc 1999
Treas 11¾pc 1991 Treas. 13pc 2000
Treas. 12½pc 1993
CORPORATION LOANS (2)
London Corp. 9¼pc 1984-85 LCC 6¼pc 1988-90
COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7½pc 1988-92
LOANS (3)
FFI (UK) 10½pc Uns.Ln. 1986 FFI (UK) 11¼pc Uns. Ln. 1990
FFI (UK) Uns. Ln. 1988
BANKS (2)
Bank of Ireland Clive Discount
BUILDINGS (1)
Allied Plant
CHEMICALS (2)
Cory (H.) Leigh Ints.
STORES (3)
Walker (J.) Bremner
Do. N.V.
ENGINEERING (1)
Stothert & Pitt
HOTELS (1)
Ryan Hotels
INDUSTRIALS (3)
Aero & General R.F.D. Group
Euroflame
TRUSTS (1)
Jove Inv. Cap.
OILS (3)
Lon. Amer. Energy NV Lon. Am. En'gy Invs. New Court Nat.
MINES (1)
Exploura Gold

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 14	Dec 29	Mar 25	Apr 5
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10

For rate indications see end of Share Information Service

Stocks favoured for the call included RHM, Hoover A, Town and City Properties, Howard Tenens, Royal Bank of Scotland, Howard Machinery, Pan Pacific Petroleum, Western Areas, Target Petroleum, FNFC, Premier Oil, BSG International, Nimslo, ICL, European Ferries and Trident TV A. Puts were taken out in Royal Bank of Scotland, Burmah, Lucas and Horizon Travel, while doubles were arranged in BP, Town and City Properties, Royal Bank of Scotland and Grand Metropolitan.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on December 14 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]					

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 78.40. **Rate is the transfer market (controlled). ††Now one official rate. (U) Unified rate. Applicable to all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (L) Based on gross rates against Russian rouble. (J) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Mon Dec 14 1981							Fri. Dec 11	Thur. Dec 10	Wed. Dec 9	Tues. Dec 8	Year ago (approx.)
	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1981 to date		Index No.	Index No.	Index No.	Index No.	Index No.
[illegible]												

FIXED INTEREST

PRICE INDICES	Mon Dec 14	Day's change %	Fri Dec 11	xd adj. today	xd adj. 1981 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Mon Dec 14	Fri Dec 11	Year ago (approx.)
[illegible]			

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	[illegible]	77.6	+0.2	2.08
Capital	[illegible]	[illegible]	-0.4	4.13
(Accum. Units)	[illegible]	[illegible]	-0.5	4.13
General	[illegible]	[illegible]	[illegible]	4.86
Gilt & Fixed Int.	[illegible]	91.2	+0.3	13.21
Income	[illegible]	[illegible]	-0.3	4.91
Worldwide Bond	[illegible]	112.2	-0.7	3.97
Inv. Tst. Fd.	[illegible]	[illegible]	[illegible]	4.38
Equities Prog.	82.7	91.4	-0.9	4.57

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.1	86.4	-0.3	14.85

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	[illegible]	95.6	-1.1	5.44
Brit. Inds. Fund	[illegible]	87.0	-1.1	5.59
Growth & Income	[illegible]	60.4	-0.7	4.14
Elect. & Ind. Dev.	[illegible]	[illegible]	-0.4	4.86
Allied Capital	[illegible]	[illegible]	-1.0	4.80
Hambro Fund	132.7	142.0	-1.4	5.52
Hambro Acc. Fund	195.1	208.8	-2.0	4.79

Income Funds

High Yield Fd.	64.2	68.7	-0.5	9.25
High Income	[illegible]	87.8	-1.0	7.58
Equity Income Fd.	[illegible]	50.4	-0.4	7.32
Gwt. Secs.	22.3	22.9	-0.1	13.39

International Funds

International	37.3	[illegible]	+0.1	2.31
Japan Fund	[illegible]	31.6	-0.4	0.52
Pacific Fund	[illegible]	79.3	-0.7	1.02
Secs. of America	[illegible]	93.9	+0.6	2.36

Specialist Funds

Smaller Co.'s Fd.	[illegible]	60.6	-0.9	3.68
2nd Smlr. Co.'s Fd.	[illegible]	75.4	-0.3	4.08
Recovery	[illegible]	29.9	-0.3	4.78
Met. Min. & C'dty.	[illegible]	70.3	-0.3	4.71
Overseas Earnings	79.0	82.4	-0.9	4.98

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (2)	28.4	30.8	+0.3	7.40
Australian (2)	28.8	[illegible]	+0.2	0.93
Far Eastern Tst. (2)	43.7	47.4	.....	1.20
High Income	33.3	36.1	-0.2	12.20
Intl. Trust (2)	51.0	54.4	-0.2	1.36
Basic Resources Tst.	49.3	53.6	-0.7	2.20
Inern. Growth Tst.	24.3	26.2	-0.2	8.53
Pref. & Gilt Tst.	18.7	20.3	-0.1	15.71
Smaller Co's Trust	27.5	29.9	.....	3.64

Choulerton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	16.0	17.2	+0.1	3.78
International	65.7	71.0	+0.7	1.13
High Income	27.6	29.8	-0.1	11.91

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.7	78.6	.....	3.67

For Cosmopolitan see Choulerton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.6	36.6	-0.2	12.47
North American	63.0	68.1	+1.0	2.51
Canadian Exempt*	65.9	69.7	.....	5.05
Canadian Trust	56.1	60.6	+0.4	2.98
Mid Mount High Inc.*	44.3	46.8	.....	10.23
Recovery	50.6	55.3	-0.7	7.81
Gilt Trust	38.1	39.9	-4.9	14.42

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	44.8	48.3	+0.5	0.52
Cres. Internat'l.	92.0	99.3	.....	1.51
Cres. High. Dist.	41.8	45.3	-0.2	9.70
Cres. Reserves	50.4	54.4	-0.5	5.51
Cres. Tokyo	41.2	44.4	+0.1	0.28

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.1	24.5	.....	8.98

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 4	240.4	256.4	.....	5.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.7	22.0	.....	7.92
Gt. Winchester O'seas	33.7	35.7	.....	3.55

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP.

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB.

M & G Group (y)(c)(z)

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LOANS

Public Board and Ind.

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CANADIANS—Continued

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Hire Purchase, etc.

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BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

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INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	9.5
41	14	ACM 20c	24	......	—	—	—
21	7	Argosy Gold N.L. 25c	8	......	—	—	—
229	134	Bond Corp.	174	......	Q10c	2.3	3.6
112	65	Bougainville I Kina	78	......	‡Q25.4c	1.0	‡
302	160	CRA 50c	175	−3	Q19c	1.7	6.6
25	9	Canada Northwest	10½	......	—	—	—
35	11	Carr Boyd 20c	21	......	—	—	—
415	43	Central Pacific	58	......	—	—	—
35	3	Cons. Gold Min. N.L. 25c	3	......	—	—	—
47	13	Cultus Pacific N.L.	21	−1	—	—	—
68	22	Eagle Corp. 10c	27	......	—	—	—
40	18½	Endeavour 20c	24½	−1	—	—	—
560	310	G M Kalgoorlie 25c	400	−20	Q32½c	0.9	5.0
25	6½	Great Eastern	11½	......	—	—	—
185	60	Greenbushes Tin 50c	63	......	Q6c	1.9	5.8
275	130	Hampton Areas 10p	166	+1	2.5	9.1	2.2
168	30	Haoma Gold N.L.	33	−1	♦—	—	—
85	17	Int'l Mining	22	......	—	—	—
118	24	Jimberlana (50cFP)	32	......	—	—	—
15	8½	Kalbara Min 20c	9½	......	—	—	—
245	100	Kitchener NL 25c	120	+15	—	—	—
105	12	Leichardt Expln.	14	......	—	—	—
495	275	Meekatharra	495	+25	—	—	—
70	36	Metals Ex. 50c	49	−1	Q3c	1.7	3.7
38	19	Metramar Mins. 20cts.	19	......	—	—	—
20	7½	Mid East Mins. NL	10	......	—	—	—
290	180	M.I.M. Hldgs. 50c	203	+3	Q15c	♦	4.6
57	21	Mincorp 20c	32	......	—	—	—
21	7	Minefields Expl. 25c	9	......	—	—	—
20	13	Newmetal 20c	18	......	—	—	—
69	27	Nickelore N.L.	31	......	—	—	—
204	147	North B. Hill 50c	162	+1	Q18c	1.8	7.0
84	50	Nth. Kalgurli	75	+1	—	—	—
122	19	N. West Mining N.L.	22	−1	♦—	—	—
150	106	Oakbridge 50c	125	......	Q6½c	1.9	3.2
185	85	Otter N. L.	95	......	—	—	—
188	93	Pacific Copper	95	−5	—	—	—
*423	126	Pancont'l 25c	164	−4	—	—	—
88	42	Paringa M&Ex.5p	62	......	♦—	—	—
525	305	Peko-Wallsend 50c	352	+2	Q15c	—	2.6
43	16	Pelsart Res NL	28½	......	—	—	—
287	207	Renison 50c	285	......	—	—	—
120	52	Seltrust A	60	−2	—	—	—
157	18	Southern Pacific	29	......	—	—	—
100	40	Swan Resources 20c	45	......	—	—	—
316	60	Vulcan Mins 20c	72	......	—	—	—
18½	7½	West Coast 25c	11½	......	—	—	—
130	65	Westn. Cont 50c	65	......	—	—	—
335	222	Westn. Mining 50c	254	−2	Q14c	1.6	3.4
27	10	Westmex	11	......	—	—	—
76	36	Whim Creek 20c	38	......	—	—	—
101	21	York Resources	27	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	7½	......	‡6.0	—	—
300	210	Ayer Hitam $M1	260	−15	Q135c	0.7	12.4
210	98	Geevor	160	−5	—	—	—
12	8	Gold & Base 12½p	11	......	—	—	—
660	470	Gopeng Cons.	575	......	Z13.0	♦	3.2
450	310	Hongkong	380	−20	21.0	♦	7.9
160	110	Idris 10p	155#	......	♦‡9.0	0.8	‡
*29	10	Jantar 12½p	23	......	t1.5	4.0	9.3
150	60	Kamunting $M0.50	135xd	−15	‡Q27½c	0.8	0.0
665	363	Killinghall $M1	600	......	hQ6...c	♦	2.6
114	88	Malaysia Mng. 10c	101xd	−7	Q25c	♦	5.9
68	30	Pahang	42	−4	‡0.63	0.8	‡
290	90	Pengkalen 10p	*265	−5	3.5	—	1.9
380	290	Petaling $M1	320xd	−10	Q60c	♦	4.5
25	19	South Crofty 10p	24#	......	—	—	—
225	185	Sungei Besi $M1	200xd	−10	‡Q310c	1.1	‡
185	90	Supreme Corp. $M1	110	−5	‡Q15½c	♦	3.4
118	100	Tanjong 15p	110	......	3.5	3.7	4.5
90	60	Tongkah H. Tin $M	85	−5	Q25%	1.3	7.4
410	220	Tronoh $M1	265	−5	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	330	......	Q60c	♦	10.1

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	24	Anglo-Dominion	25	+1	—	—	—
25½	12	Burma Mines 10p	15	......	0.75	0.9	7.1
330	85	Colby Res. Corp.	130	......	—	—	—
330	200	Cons. Murch. 10c	300	−20	Q60c	♦	11.5
10	5½	‡‡Explaura Gold	5½	−½	—	—	—
98	47	††Hemerdon 10c	65	......	—	—	—
180	65	Highwood Res.	85	+5	—	—	—
505	260	Northgate C$1	280	+5	—	—	—
633	372	R.T.Z.	460	......	16.0	2.3	5.0
£130½	£93½	Do. 9½% Cv. Ln. '95-2000	£99	−½	Q9½%	—	[illegible]
103	13	††SPD Minerals 10p	23	−1	—	—	—
47	17	Sabina Inds. C$1	19	+1	—	—	—
44	21	‡Southwest C. 10p	28	......	—	—	—
650	465	Tara Exptn. $1	525	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......	**IRISH**		
Bertrams	17	......	Conv. 9% '80/82	£93¾	+⅛
Bdg'wtr. Est. 50p	410	......	Nat. 9¾% 84/89	£70	......
Craig & Rose £1	£13xd	......	Fin. 13% 97/02	£74¾	......
Finlay Pkg. 5p	25½	......	Alliance Gas	77	......
Graig Ship. £1	£18	......	Arnott	240	......
Higsons Brew.	73	......	Carroll (P.J.)	81	......
Holt (Jos) 25p	515	......	Concrete Prods.	98	......
I.O.M. Stm. £1	159	......	Heiton (Hldgs.)	25	......
Pearce (C. H.)	810	......	Irish Ropes	36	−2
Peel Hldgs.	116	......	Jacob	67	......
Sheff. Refrshmt	84xd	−1	T.M.G.	16	......
Sindall (Wm.)	190	......	Unidare	56	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.L.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.I.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lots"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	26	KCA	19
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	7	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	38	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5		
Grand Met	15	Thorn EMI	30	**Mines**	
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 42

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday December 15 1981

FIGURES SUPPORT CAUTIOUS OFFICIAL OPTIMISM

Industrial output up in all sectors

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INDUSTRIAL output gathered momentum in October with an improvement in all sectors, according to official figures out yesterday.

The index of industrial production was 1.7 per cent up on a month before to 102.3 (1975=100). *This represents a* recovery to about the same level as a year earlier, but production of all industries was still 9 per cent less than in 1979.

The sharp month-on-month increase may overstate the trend, but in the three months to October, industrial output increased by 1.5 per cent compared with the previous three months. Even excluding the *effects of North Sea oil*, the improvement was 1 per cent.

The figures support cautious official optimism that the recovery of production will continue throughout next year. Manufacturing output increased 1.7 per cent in August to October compared with the previous three months.

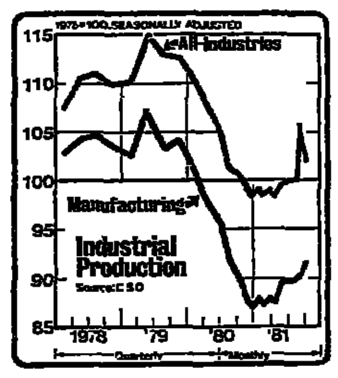
Next year, the Treasury pre*dicts that manufacturing output* will increase nearly 4 per cent, largely in response to an improvement in exports and the ending of destocking. However, there is a long way to go, since manufacturing industries are producing 12 per cent less in 1979.

The biggest improvement recently has been in the chemicals, coal and petroleum sector where production increased 4.3 per cent in the three months to October, compared with the previous three months. Output from mining and quarrying went up 4.2 per cent.

North Sea oil and gas extraction was at a record level in the latest three months, 6 per cent above May-July and 17 per cent more than a year before.

Recent figures for the general index of production have been revised upwards to take account of information from the construction industry. As a result, the third quarter figure for gross domestic product due to be published next Monday is likely to receive a boost of about ¼ point.

The index for the implied level of output—after adjustment for changes to stocks—increased nearly 2 points in October to 100.4, the same as it was at the beginning of 1976.



Excluding the effects of North Sea oil this index stands at 91.1, about the same as at the end of last year and 14 per cent lower than in the early summer of 1979.

Retailers pin hopes on Christmas rush

BY DAVID CHURCHILL AND DAVID MARSH

Retailers started their pre-Christmas sales build-up on a depressed note, with figures published yesterday showing that the volume of spending dropped last month from the relatively *buoyant level of October.*

Most retailers have been badly affected by the severe weather of the past week, but are pinning their hopes on a last-minute sales surge to make up for lost ground.

The figures from the Department of Trade underline that the pattern of retail activity has been extremely uneven over the year, but that the underlying level has been little changed since spring.

The volume of spending, seasonally adjusted, dropped 1.4 per cent in November compared with October to give an index figure of 110.5 (1976=100). The November figure is provisional and may be heavily revised later. October figures were revised sharply upwards earlier this month.

High Street spending in the first 11 months of the year rose about 2 per cent compared with the same 1980 period.

The November figure was up only 1.2 per cent from November last year, indicating that expansion compared with 1980 may be tailing off.

Retailers have benefited during the past few months from a slight pick-up of economic activity, but this has been considerably offset by the falling level of real incomes caused by sharply lower wage increases, tax rises and unemployment.

According to retailers throughout the UK sales started to take off the week before last but slumped once the snow and ice appeared.

The Retail Consortium, which represents thet bulk of Britain's retailers, acknowledged that the weather has obviously taken its toll on sales. But sales in less-affected areas were on a par *with last year's level of trade.*

Mr Roy Stephens, managing director of Selfridges in London's West End, said sales value was running about a quarter higher before the bad weather, but he is still confident of a "good Christmas."

Outside London, trade appears to be at a high level in the North-East but sluggish in the North-West. The North-East Co-operative Retail Society said food sales were running 16 per cent ahead compared with last year. Non-food products *were selling a lot slower*, but video recorders and portable televisions had been selling well. The society's travel bureau also reports bookings ahead by 25 per cent.

Most retailers are confident that whatever the weather, next week will see a late rush in sales.

Apart from video recorders and televisions, which have been selling well all year even in the most depressed regions, there appears to have been a surge in sales of clothes and footwear. The Retail Consortium suggests that this may be partly due to consumers buying clothes as presents.

Evidence that pre-Christmas spending had taken off before the poor weather also came from credit figures published by the United Association for the Protection of Trade, the largest credit information agency in the UK.

Romania pressed over debts

By Peter Montagnon, Euromarkets Correspondent

JAPANESE TRADING houses have intensified pressure on Romania to speed settlement of short-term trade debts amid *growing signs of nervousness on* the country's foreign exchange position.

The payments involved *amount to only some* $20m (£10.71m) according to Japanese trading houses yesterday. Western bankers said they believed that this was merely the tip of the iceberg. Commercial banking estimates of Romanian foreign payments arrears range in excess of $1bn.

Problems of late international payments by Romania have been mounting since the late summer. Romania has debts to the West of some $10bn. Until now, it has taken no concerted action to negotiate relief from the West.

Foreign bankers complain of interruptions in telephone and telex connections with Bucharest. As a result, they say it has become impossible to clarify the situation.

Some said Romania has been trying to stretch out the maturity of its short-term debt by picking off one individual bank after another, a process which has upset the banking community *because banks prefer* all creditors to be treated on an equal basis in cases of non-payment.

Many of Romania's creditors have grown increasingly restive, they said, and few were surprised at the action of Japanese trading houses. According to Japanese traders, the houses have complained about the matter to the Romanian Government through the private level Japan-Romania Economic Committee.

Continued from Page 1

Blood

fore performing a catalytic role, providing venture capital for a branch of high-technology which, while highly fashionable, involves too much risk for many traditional investors.

Speywood specialises in the preparation of proteins found in the blood which are effective *against injury and disease.*

Its major product (prepared by extracting pig's blood) is a blood protein called Factor VIII which is vital in the treatment of haemophilia.

The Speywood team, working with technologists at Oxford and London Universities, the Atomic Energy Research Establishment in Harwell, and the Royal Free and Royal Hallamshire Hospitals, is now manufacturing Factor VIII and the associated von Willeybrands Factor using the new techniques of genetic engineering

The company's work opens up the possibility of preparing a whole range of human blood proteins, and hence the possibility of doing away with blood transfusions.

£22m aid for private steelmakers

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A £22m government aid scheme to help the private steel sector was announced in the Commons yesterday by Mr Patrick Jenkin, the Industry Secretary.

The money will promote rationalisation in the ailing private sector by grants towards restructuring and help to employers paying redundancy costs. *It is much less than* deemed necessary by many companies.

Mr Jenkin said he had decided to help the industry because of the "powerful case" presented by the British Independent Steel Producers Association.

"No other industry has had to face the combination of a substantial EEC regime coupled with massive subsidisation of a major public sector competitor in its own country," he said.

It would provide an alterna*tive "doorway"* for the private sector other than that offered by the British Steel Corporation, he added.

The scheme is one of several being encouraged by the Government to improve the private sector.

The first, code-named Phoenix 1, was agreed in February with the formation of a joint venture — Allied Steel and Wire—between the British Steel Corporation and GKN. Another involves the reorganisation of the steel castings industry according to a plan being drawn up by Lazards, the merchant bank.

Mr Jenkin said he is giving "urgent consideration" to making grants to companies participating in the steel castings plan. The money, likely to be £3m to £4m, will provide front-*end loading to enable* the scheme to be launched.

Discussions are being held between BSC and the private sector for the rationalisation of engineering steels. This so-called Phoenix II could draw on the £22m funds under Section 8 of the Industry Act, 1972, for the scheme announced yesterday.

All the schemes must comprise capacity reductions to comply with the agreement reached this summer between EEC industry ministers which has drawn up a timetable for the phasing-out of national aids to the steel industry. Applications for help under the £22m scheme must be made by September, 1982, and no payments will be made after December 31, 1984.

Eligible projects will attract 25 per cent grants towards the cost *of restructuring.* The scheme will also guarantee 85 per cent of the cost of statutory redundancy payments and provide a *maximum contribution* of £500 per person to the employers' costs of any ex-gratia or severance payments.

Winning a point of principle, Page 11.

Commons sketch, Page 8

Belgian leaders agree coalition

BY LARRY KLINGER IN BRUSSELS

THE LEADERS of Belgium's *Christian Democrats* and Liberal parties have agreed to form a new Government, M Wilfried Martens, Prime Minister designate, announced yesterday.

The centre-right coalition will seek special powers from Parliament to cut real incomes, ease taxes on industry and reduce public spending, he said.

Agreement came after six *days of negotiation with* M Martens, leader of the centrist Christian Democrats and M Willy de Clercq, who heads the conservative Liberal Party, confident that their parties would support the coalition.

They have called party congresses for tomorrow and hope the Government will be sworn in on Thursday.

If the coalition goes ahead, Mr Martens will produce a *Cabinet of only 15 members* and end the political vacuum which has prevented decisive economic policy.

The outgoing Christian Democrat-Socialist coalition led by M Mark Eyskens in a care*taker role since the inconclu*sive November 8 general election, has been unable to take effective action.

The main points of the proposed economic programme envisage:

- Seeking special powers from Parliament to obtain quick passage for many aspects of the programme.
- Modifying the traditional "indexation" system under which wages rise with inflation. While not specifying the changes M Martens said the aim was to curb increases in real incomes by 3 per cent.
- Reducing the corporation tax base rate from 48 to 45 per cent as part of a tax relief and *loan repayment aid scheme to* encourage new foreign and domestic investment. There may be additional tax relief for severely depressed sectors such as steel and textiles.
- Limiting the 1982 national budget deficit to BFr 200bn (£2.7bn)—requiring BFr 127bn cuts—across a wide range of sectors to curb the soaring *public borrowing requirement.*

While party leaders were confident last night that they would win support from their party congresses, there were fears the vote might be uncomfortably close in the French-speaking wing of the Christian Democrats.

A greater fear, party officials said, was that serious modification of the wage indexation system might provoke widespread strikes.

M Martens' attempt to limit income growth led to the collapse of his Christian *Democrat-Socialist coalition in* the spring.

$ makes big gains

Continued from Page 1

day fixing, when it officially supported the West German currency with the sale of $30.25m.

Traders also reported unofficial Bundesbank activity with intervention of around $100m to support the Deutsche Mark. The central bank clearly faces a difficult period until the position in Poland becomes clearer.

The Polish situation was also reflected on West German stock exchanges with sharp falls registered in the share prices of *leading banks*, which are all heavily involved in lending to Poland. The biggest drop came in the Deutsche Bank share price which lost DM 4.50 closing at DM 268.10.

Like the D-Mark, sterling came under heavier selling pressure early on — dropping to $1.85 at one point — and recovering later.

The pound rose against the D-Mark but was lower against other Continental currencies. Its trade-weighted index dropped to 89.6 from 89.8 on Friday.

Helped by a fresh rise in Eurodollar interest rates—up ⅛ to ¼ point yesterday—the *dollar also rose against other* major currencies. It closed in London at Y220.70 (Y219.25 on Friday) and SwFr 1.8460 (SwFr 1.8410). The dollar's trade weighted index climbed to 108.5 from 107.2.

London money market interest rates rose again in *line with the fresh tightening* of dollar rates. The key seven-day sterling inter-bank rate rose to 15⅛ per cent, up from *14⅞ on Friday.*

David Lascelles adds from *New York: The uncertainties* clouding the U.S. interest rate outlook were underlined when a large U.S. bank went back on a prime rate cut it announced two weeks ago. Crocker National Bank, the Californian bank controlled by Midland Bank of the UK, raised its prime rate from 15½ per cent to 15¾ per cent.

John Edwards writes: Metal and commodity prices followed the upward trend in gold. They were also pushed higher by the fall in the value of sterling compared with the dollar.

On the London Metal Exchange high-grade cash copper gained £21.5 to £873 a tonne; cash tin £60; and cash lead *£16.25 to £367.25 a tonne.*

Ford faces all-out New Year strike

By John Lloyd, Labour Correspondent

AN ALL-OUT strike at Ford, Britain's major motor manufacturer, appears inevitable in the New Year. Yesterday unions and management prepared their positions for a long and potentially damaging conflict.

Mr Paul Roots, the company's industrial relations director, telephoned Mr Ron Todd, the unions' chief negotiator, to tell him the company was likely to tell its 54,000 manual workers not to return to work after their two-week Christmas break.

The workers, who begin their break on December 22, would, return to work on Monday, January 4, the day before the strike has been called. Ford said it would not be worth while insisting on one day's *production although* it would delay issuing notices to the workers until it was clear whether further talks *could be started between the* two sides.

The unions have rejected a wage offer of 7.4 per cent, *linked to* an efficiency package. They have claimed a "substantial" increase, and offered modified productivity improvements.

The unions have given advance notice to contractors engaged on building and machine installation work in Ford plants to finish work and remove their equipment by midnight January 4. It is possible that picketing directed against contractors not directly involved in the action would fall foul of the prohibitions on secondary picketing in the 1980 Employment Act.

Neither unions nor company appear in the mood for compromise. *The trade union* side of the national joint negotiating committee met in London yesterday to finalise plans for a strike, *and to* select a strike committee.

The committee is composed of Mr Todd, Mr Jack Whyman, *an executive councillor of the* Amalgamated Union of Engineering Workers, together with local officials and *plant convenors.*

The unions plan to mount a total blockade on Ford, and are aiming to make it more *effective than the pressure* they exerted in late 1978, when there was a nine-week strike.

It is understood that convenors from some UK plants have met their opposite numbers in West Germany and obtained assurances that no extra production for the UK will be permitted in the Continental plants.

Weather

UK TODAY

RAIN, early frost and mist clearing. Temperatures near normal.

Most of England and SW Scotland
Dry at first, rain sleet or snow *later. Max 7C (45F).*

Most of Scotland
Mostly dry, sunny intervals. Max 5C (41F).

SW England, Channel Is.
Rain later, snow on high ground. Max 10C (50F).

N. Ireland
Sleet or snow later. Max 6C (43F).

Outlook: snow at times in the north, rain or sleet in south. Night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	L. Ang.†	F	12	54
Algiers	F	21	70	Luxmbg.	F	4	39
Amsdm.	Sn	0	32	Luxor	S	30	86
Athens	F	17	63	Madrid	S	16	61
Bahrain	S	25	71	Majorca	S	22	72
Barcina.	S	21	70	Malaga	C	22	72
Beirut	S	20	68	Malta	C	18	64
Belfast	Sl	2	36	M'chstr.	F	2	36
Belgrd.	C	−2	28	Melbne.	S	17	63
Berlin	C	−4	25	Mx. C.†		—	—
Biarritz	C	14	57	Miami†	F	16	61
Bmghm.	F	4	39	Milan	C	4	39
Blackpl.	F	3	37	Montrl.†	F	−4	25
Bordx.	C	10	50	Moscow	Sn	−4	25
Boulgn.	S	7	45	Munich	F	4	39
Bristol	C	5	41	Nairobi	S	27	81
Brussels	C	4	39	Naples	C	11	52
Budpst.	C	2	28	Nassau		—	—
Cairo		—	—	Nwcstl.	C	2	36
Cardiff	R	5	41	N-York†		—	—
Cas'b'ca	F	19	66	Nice	S	8	46
Cape T.		—	—	Nicosia		—	—
Chicg.†	Sn	−2	28	Oporto	S	16	61
Cologne	C	4	39	Oslo	S	−16	3
Cpnagn.	F	0	32	Paris	C	8	46
Corfu	R	11	52	Perth	S	35	95
Denver†	F	−4	25	Prague	Sn	−5	23
Dublin	Sl	3	37	Reykjvk.	S	−8	18
Dbrvnk.	R	4	39	Rhodes	F	19	66
Ednbgh.	C	1	34	Rio J'ot		—	—
Faro	F	19	66	Rome		—	—
Florence	C	3	37	Salzbrg.	C	3	37
Frankft.	R	2	36	S F'cisct	C	13	55
Funchal	C	20	68	S. Moritz		—	—
Geneva	R	5	41	Singapr.		—	—
Gibraltar	C	17	63	S'tiagot		—	—
Glasgow	C	3	37	Stckhm.	S	−11	12
G'rnsey	S	9	48	Strasbg.		—	—
Helsinki	C	−4	25	Sydney	F	14	57
H. Kong	F	18	64	Tangier	C	17	63
Innsbrk.	C	−1	30	Tel Aviv	S	19	66
Invrnss.	C	2	36	Tenerife		—	—
I.o. Man		—	—	Tokyo	C	7	45
Istanbul	R	6	43	T'r'ntot	Sn	−2	28
Jersey	T	10	50	Tunis	F	20	68
Jo'burg		—	—	Valencia	S	23	73
L. Plms.	C	21	70	Venice	S	4	39
Lisbon	F	18	64	Vienna	Sn	−3	27
Locarno	C	0	32	Warsaw	S	−6	21
London	F	8	46	Zurich	C	4	39

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperature.

THE LEX COLUMN

Habitat exploits its share price

News of the Polish crisis had already been digested by the Far East markets before the foreign exchanges opened in London yesterday. With the help of Bundesbank dollar sales, the D-Mark was brought back from extreme levels of *around* DM 2.33 to the dollar to close at DM 2.2840. But the pressure resumed in New York, where dollar interest rates took another upward turn.

Index fell 6.6 to 513.6

Habitat/Mothercare

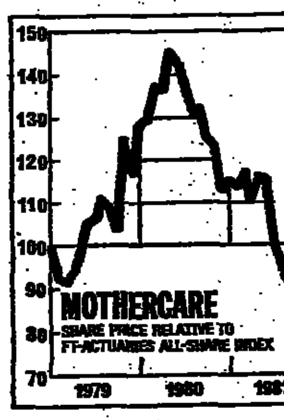
Why is Mothercare climbing into Habitat's stripped pine four-poster, rather than Habitat snuggling down in a polyurethane cot? Mr Selim Zilkha remarked yesterday that Habitat's shares were "at the right price, whereas Mothercare is undervalued." It all looks very *much* like an old-fashioned attempt to spread a high stock market rating over more lowly valued shares, by wrapping the deal up in prestigious Habitat paper.

Investors who subscribed to Habitat's offer for sale in October were competing for a 10.9m share free float in a highly specialised retailer. The shares, issued at 110p, have since commanded a substantial premium *by virtue of their novelty* and scarcity. Now the market is to be flooded—64¼m new shares straight away, half of them *bravely underwritten yesterday* at 125p to provide a partial cash alternative, and 26.7m more on the conversion of the £38.7m unsecured loan stock.

Habitat shares closed at 120p yesterday, 20p down on their suspension price. This represents something like 16 times current year earnings, fully-taxed and diluted, for the combined group. The Mothercare shares are 50p higher, at 170p, rather than the price of 180p that the issue of convertible would imply. There must be some chance of a Monopolies Commission reference holding things up — if only because the Office of Fair Trading is supposed to be interested in the *retail sector. And if* there is any more downward pressure on the Habitat share price, the convertible will stand quite a bit below par.

Both these companies can be trusted under normal circumstances to act very much in their shareholders' interests since the two chief executives have such large personal stakes. But Mr Zilkha clearly wants to get out: the shareholding he plans to retain is modest by his standards, and indeed it is the vacuum left by his withdrawal that is the principal reason for the merger.

For the directors of Habitat, it is easy to understand that short-term share price weakness



is a small price to pay for the control of a business which in a poor year makes more than three times as much money as Habitat. What Habitat can contribute is necessarily vague — merchandise design and flair. Why this cannot come through a joint venture or a management contract, rather than a *full-scale* merger between two businesses with no overlaps, is harder to see.

Habitat shareholders may well feel uneasy that such a step is being taken so soon after the flotation prospectus, specially as the companies had been "flirting" a year ago. Holders of Mothercare who feel that after two years of very poor share price performance they are being offered too small a share of the combined company will be scanning the horizon for a straight bid from a third party—a possibility that an option over 2m shares granted to Habitat implicity recognises.

BOC

BOC looks a good deal sounder than it did a year ago. The balance sheet remains fairly stretched, even allowing for the replacement costs depreciation policy, but two thirds of the debt is now on fixed rates and, on treating the £82m convertible as equity, net debt represents under 50 per cent of shareholders funds.

The market will take some persuading that BOC can fund its capital commitments without further recourse to its shareholders and the dividends which accompanied yesterday's preliminary statement underlines the need for cash conservation. It is covered 2.7 times by current cost earnings. Yet BOC financed three quarters of last year's £150m spending programme from depreciation and this year's capital expenditure, totalling about £250m, is not expected to produce any increase in gearing.

Profits before tax have risen 50 per cent to £92.7m in the year to September, despite a £12m increase in redundancy costs. A currency gain of £16.2m did the figures no harm but there has also been an underlying improvement *in* all geographical areas. The disposal of peripheral businesses and the attack on unit costs *has had its greatest* effect in the UK, where profits are up 60 per cent after adding back exceptional costs.

On a product basis, the record is more patchy. Welding remains very depressed, while carbon and graphite are flat. Industrial gases are ploughing ahead despite *margin pressure*, in the U.S. and health care is a welcome cash generator. BOC will be spending most heavily *in the U.S. during* the next couple of years, so its exposure to the dollar will if anything increase, but at least the new management broom is pushing the business in the right direction. At yesterday's price of 148p, the yield is 5 per cent.

Haslemere

Rights issues for property companies are not always an excuse for hat tossing, but Haslemere Estates record is one of the ordinary. Two issues within the past decade have already turned out well for shareholders, and the third—£50m which takes the form of a £2[illegible] convertible loan — is supported by some quite detailed pro[illegible] tions.

Haslemere has a sound balance-sheet, with shareholders' funds of £180m or [illegible] against borrowings of £62m. But over half its debt is at floating rates, and development spending over the next three years will total about £35m. The group charges interest on its developments against profits, and high rates will leave a mark on the figures over the short term. Profits in the year to March will fall a little to around £5¼m, even after allowing for interest savings on the new money.

Some £20m of the spending is going on a big London development, which will be completed and refinanced in 1983. Meanwhile the group has decided to strengthen its equity base and the loan has been designed to appeal. Assets dilution is modest and so is the conversion premium: the coupon of 9 per cent compares with a prospective yield of just 2¼ per cent on the ordinary. The shares stand over a quarter below fully diluted net worth, which should limit any technical weakness over the short term.

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